



Solar Energy: Public Financing Options for California's Local Governments

Clean Renewable Energy Bonds (CREBs)

Oakland, California

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CAEATFA Mission –Reduce Cost of Financing GHG Reduction Technologies

Reduce the cost of climate change reductions for California

Assist public agencies, local government, non-profit, public and private entities meet their green house reduction needs through financial tools that reduce costs

Creative financing for renewable, energy efficiency, and advanced transportation projects

Establish transparent criteria for evaluating renewable energy, energy efficiency & advanced transportation projects



CAEATFA Authority



- Taxable Bonds
- Loans
- Loan Guarantees
- Sales & Use Tax Exemptions
- **Clean Renewable Energy Bonds (CREBs)**
- **Qualified Energy Conservation Bonds (QCEBs)**
- Industrial Development Bonds
- Tax Exempt Bonds
 - Non-Profits
 - *Local District Heating & Cooling*



CREBS for State, Local and Tribal Governments (\$2.4 billion)



- Provides a financing mechanism for renewable energy projects at attractive rates
- Promote the use of renewable energy in publicly owned facilities
- Federal Davis-Bacon prevailing wages apply
- Issuer must have filed application with IRS on or before *August 4, 2009*



CREBS Benefits



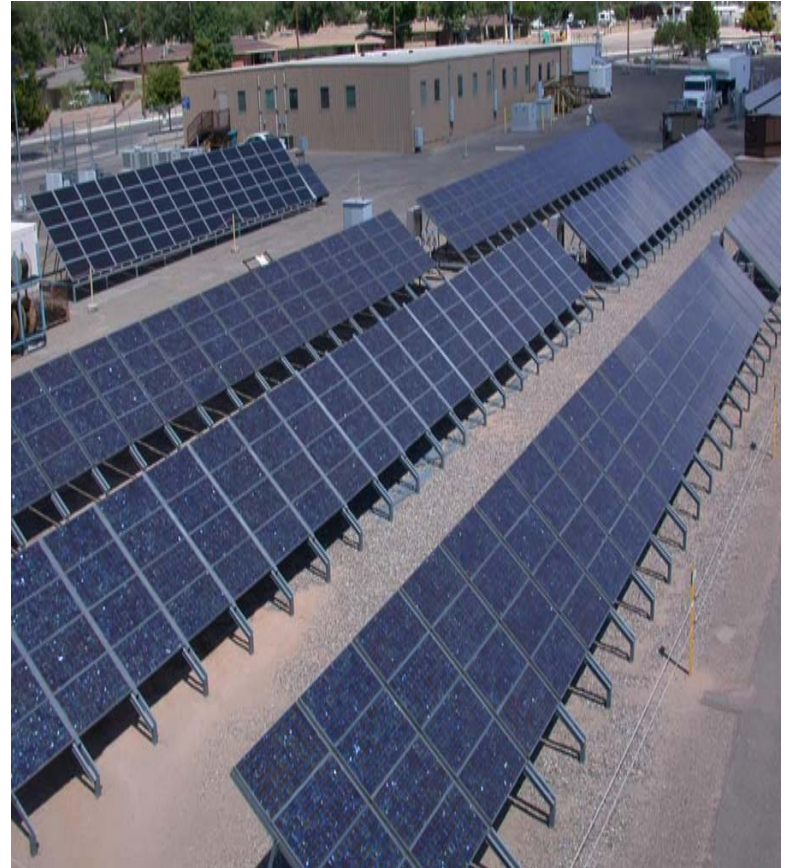
- **Public entity receives necessary up-front funding for projects**
- **Bonds are sold as “taxable” bonds**
- **Bullet maturity – single principal payment**
- **Ability to set-aside funds to repay bonds and earn interest up to stated limits**
- **Different segment of institutional buyers compared to tax-exempt bonds**



CREBS “Tax Credit” Bonds Can be confusing to decipher



- **Designed to provide a 70% interest subsidy (tax credit to bondholder in lieu of issuer paying interest cost)**
- **Tax credit rates determined by IRS and published daily**
https://www.treasurydirect.gov/govt/apps/slgs/slgs_irstax.htm
- **Maximum Term determined by IRS and published monthly along with the tax credit rates (typically ranges from 12 – 16 years)**



CAEATFA CalTrans CREBs deal



- **CAEATFA reappears**
- **Initial process before application (DOF, AG and Legislature, CalTrans)**
- **Public Finance Division RFQ – BOA selected**
- **PFD/CAEATFA/BOA close market scutinity**
- **\$19,999.95 CREB for 70 PV Projects**
- **15 year term**
- **1.45% interest rate**



Next Generation CREBs Awards – IRS?



- **Announcement pending**
- **CAEATFA is a qualified issuer**
- **Possibility of pooling projects for financing**
- **Lowest cost financing is our goal**



Qualified Energy Conservation Bonds (QECBs)



- **CAEATFA is a qualified issuer**
- **QCEBS are like CREBS bonds except the IRS does not approve applications – ARRA allocates directly through STO/CDLAC**
- **CAEATFA is all about lowering financing costs**

