CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

Residential Solar Financing RFP – FAQs

Q: What role does the Green Bank want to play in this partnership? The RFP discusses a wide range of options from investing balance sheet assets to coordinating access to dealer/marketing channels to providing dealer backstop support. Before suggesting a partnership structure, we would like to have a better understanding of how the Green Bank envisions this new relationship and its contributions.

A: As the RFP suggests, the Green Bank is open to a range of roles in support of new residential solar finance offerings in Connecticut. To date, for the CT Solar Lease program, the Green Bank has managed fund and product development, customer marketing, contractor recruitment and engagement, and project intake and processing (and we have provided a subset of those functions for the CT Solar Loan program, as well). The Green Bank recognizes that prospective partners bring various configurations of the above, as well as additional capacities, to the market. Therefore, this RFP is intentionally designed to allow prospective Financing Partners to tell us how they believe the Green Bank can be most helpful in leveraging our capabilities to complement those of the applicant in bringing new residential solar lease and loan products to market. Having said that, the Green Bank is looking to play less of an operational role in terms of product management than we have in the past. Thus, proposals for credit enhancements at a fund level, or programmatic dealer or marketing support, will be more attractive to the Green Bank than requests for project-level engagement, servicing functionality, or other such concepts.

Q: Marketing and lead generation – how does the Green Bank envision new Financing Partners working with existing generation channels (i.e. GoSolarCT.com and Solarize)?

A: Financing Partners can propose a partnership model for listing products on GoSolarCT.com, or integrating into Solarize campaigns, or they can choose not to take advantage of these resources. Again, the Green Bank is making these assets available for potential Financing Partners to utilize via a partnership model, but there is no requirement that a Financing Partner do so.

Q: Pricing and product design – does the Green Bank want its Financing Partners to enable installers to quote financing through an "open market" bidding platform, or would the Green Bank prefer a few fixed product offerings?

A: The Green Bank's goal through this RFP is to accelerate the deployment of residential solar PV in Connecticut, which means that local dealers need to be able to access, understand, and sell attractive financing options to their customers. The Green Bank has no intrinsic preference between an "open market" bidding platform and a few fixed product offerings. Rather, we would encourage potential Financing Partners to respond to this RFP with their suggestions for which approach is most likely to succeed in the Connecticut market, and/or offer an RFP response that includes both options and allows for subsequent negotiation to select a particular path.

Q: How does the Green Bank define success for this program? What metrics are important to the Green Bank (e.g. solar pricing, number of customers served, return on assets, etc.)? What combination of installer pricing and consumer rates is the Green Bank looking to deliver to the market?

A: *The primary selling proposition for the existing CT Solar Lease product is the capacity to make customers cash flow positive from day one with no money down. With respect to the CT Solar Loan product, the interest rate for the first iteration of that offering was 6.49% over 15 years. In both cases, installer economics (i.e. dealer fees, progress payments, etc.) were of course critical to getting partners motivated to offer these products to their customers.*

As customer familiarity with both residential solar and available financing options grows with the market as a whole, the Green Bank expects subsequent product iterations to meet and/or enhance these customer sales propositions, while continuing to ensure incentives are well-aligned for dealers to perform.

Q: Is it a requirement for financing partner applications to have identified their private capital provider in their RFP response?

A: *Although it is not a requirement, proposals that include firmly committed capital will be the most attractive to the Green Bank. Those that have only identified prospective capital providers or are seeking the Green Bank's support in identifying capital partners will also be considered, but will have to succeed in other areas of their proposals in order to be selected.*

Q: How much Green Bank capital is available for credit enhancements?

A: *The Green Bank has not set aside a specific amount on our balance sheet for residential solar financing credit enhancements. We expect the specific amount to vary by respondents' needs, but will consider proposals ranging from a minimum of $250,000 to a maximum of $10,000,000.*

Q: How does the Green Bank balance its goals of low-moderate income market penetration with the perceived additional risk that accompanies those segments?

A: *First, it is important to clarify that income level and credit risk are not one and the same. An LMI customer could have strong credit, and a higher income customer could have poor credit.*

With respect to serving LMI customers, specifically, the Green Bank expects selected Financing Partners to be able to implement an income screen to identify target customers and deliver customized solutions to them, independent of any other credit screening that may take place.

With respect to credit challenged customers, the Green Bank recognizes the higher perceived risk associated with this segment, which is why we are offering credit enhancements to serve it. Through this RFP, the Green Bank is looking to potential Financing Partners to articulate the level of risk protection they believe they need to serve this segment, and the Green Bank will then consider the level of coverage we will provide, based on data provided by the potential Financing Partner, historic *lease and loan performance of our own proprietary products, and an analysis of comparable consumer credits in adjacent lending categories.*

Q: Does the Green Bank need to earn a return on its credit enhancement dollars?

A: *The Green Bank does not need to earn a return on its credit enhancement dollars. However, proposals that offer a potential return to the Green Bank will be considered more favorably than those that do not, all else being equal.*

Q: Does the Green Bank have a time limit on loan loss reserves (e.g. 5 years or 10 years or 20 years)?

A: *The Green Bank does not have a time limit on its credit enhancement funding, which can be coterminous with the tenor of any financing products supported under this RFP. However, proposals that recognize the diminishing risk to investors as portfolio seasoning occurs and principal is amortized, and therefore require declining amounts of Green Bank loan loss reserve capital over time, will be more favorably received.*