

# WHEEL

Warehouse for Energy Efficiency Loans

NASEO Annual Meeting – Multifamily  
Task Force

Savannah, GA

September 11<sup>th</sup>, 2014



ENERGY PROGRAMS CONSORTIUM

# Agenda

- EPC Review: Who we are
- WHEEL Review
- WHEEL Update
- WHEEL for Multifamily?



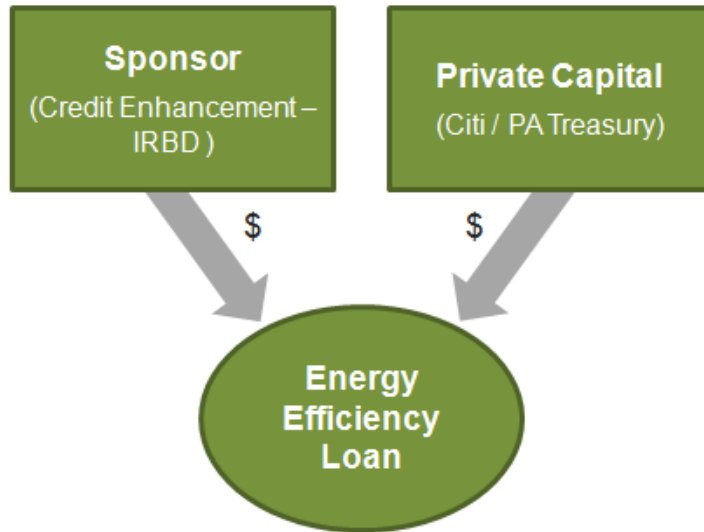
# WHEEL Review

- **State-Sponsored:** A public-private partnership among the National Association of State Energy Officials, Energy Programs Consortium, Pennsylvania State Treasury, Renewable Funding and Citigroup Global Markets.
- **Leverages Public Dollars with Private Capital:** Provides low-cost, large-scale private capital to state, local and utility-sponsored unsecured residential energy efficiency and solar loan programs.
  - Began purchasing state-supported unsecured energy efficiency and solar loans in April 2014.
- **Enables State Control without Administrative Burden:** WHEEL is a turnkey financing solution that can be tailored to the needs of a particular state or local government. Participating state and local governments are not required to manage their own energy efficiency program in order to participate in WHEEL, but can if they choose to. WHEEL can provide contractor management, quality assurance, and data sharing.
- **DOE-Approved:** The U.S. Department of Energy issued guidance approving the use of SEP and EECBG funds in WHEEL-like structures on June 4, 2012, and in July 2012 the General Counsel provided that associated revenue from this structure would not be subject to SEP and EECBG guidelines.

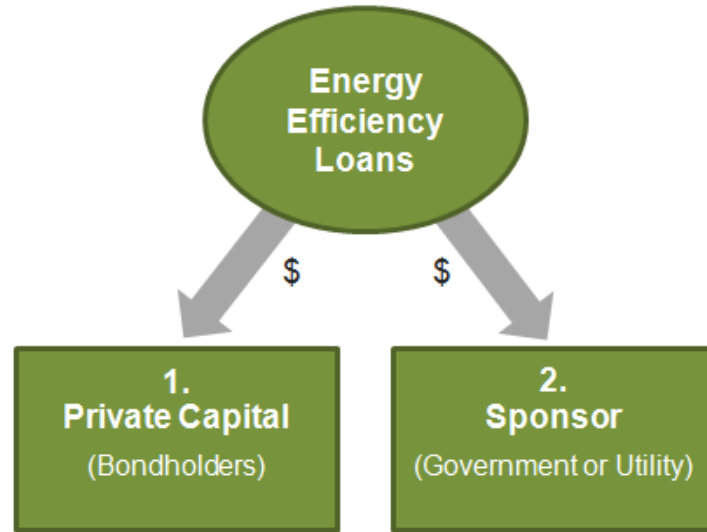
# The WHEEL Basics

*The sponsor provides credit enhancement to allow for low-cost private capital to fund energy efficiency loans. As loans repay, the private investors are repaid first, with all remaining loan repayments provided back to the sponsor.*

## Individual Loans are Funded



## Aggregated Loans Repay Over Time



### Product

### Credit/Description

Unsecured Energy Loans

- Unsecured personal debt
- 640+ FICOs
- Max DTI: 45%
- 3, 5, 7 or 10 year term
- \$1,000 - \$15,000

### Qualified Projects



### Qualified Contractors



# How WHEEL Works

- **Step 1:** Sponsor deposits funds into custodial account
- **Step 2:** A loan is originated in sponsor's jurisdiction and funds are drawn to support the purchase of that loan (the "interest rate buy down"), which is primarily funded by senior warehouse capital
- **Step 3:** WHEEL aggregates loans across all participating programs to create a bond for sale to capital markets investors
  - Bond sale proceeds recapitalize WHEEL allowing it to continue purchasing loans from participating programs
- **Step 4:** After private investors in bond are paid off, remaining cash flows generate revenue for sponsors
- **Step 5:** Revenue from remaining cash flows is recycled to support future lending or repurposed for other qualified uses\*

*\*The U.S. Department of Energy issued guidance approving the use of SEP and EECBG funds in WHEEL on June 4, 2012, and in July 2012 the General Counsel provided that associated revenue from this structure would not be subject to SEP and EECBG guidelines.*

# WHEEL Update

- Purchasing loans since April 2014 from PA & KY
- In conversations with multiple state and local governments across the country who are interested in joining



# WHEEL for Multifamily

- What are the challenges you face in improving efficiency in your multifamily building stock?
- Is there a need for finance in the multifamily area?
- If so, what sort of finance?
  - Building owners vs unit owners/renters
  - Market-rate buildings, affordable housing, both?

# Contact

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