COMMUNITY AGGREGATION

INNOVATIVE WAYS COMMUNITIES CAN SECURE THEIR ENERGY FUTURE

Both the City of Berkeley and Marin County California have unveiled creative renewable energy financing options for residents of their communities in the past year. In September 2008, the City of Berkeley began offering its citizens long-term loans to finance the procurement of solar photovoltaic (PV) systems. Marin County, in December 2008, formed a Joint Powers Authority (JPA) that will allow its residents to purchase renewable energy at low rates and eventually develop their own resources. Both programs offer innovative techniques that could be applicable in various renewable procurement strategies.

Berkeley FIRST (Financing Initiative for Renewable and Solar Technologies) offers an innovative finance mechanism that aggregates the need for loans into one loan that is administered by the city, while the project development is handled by individuals.

Marin Clean Energy does the opposite. It is financed by each individual who joins the program while the project development is handled in aggregate by the JPA.

MARIN CLEAN ENERGY
COMMUNITY CHOICE AGGREGATION

- The 12 municipalities within Marin County have formed a JPA known as the Marin Energy Authority; 9 have already joined
- The JPA will offer customers various levels of renewable electricity as an alternative to the franchised utility service
- A Request For Proposals will determine an alternative Electric Service Provider (ESP)
- The selected ESP will be supplying clean energy from outside the county at first
- **The ESP will later assist in finding financing for and developing projects to build community-owned renewable generation capacity**
- The JPA expects to offer two electricity options, a “light green” and a “dark green” option
- The light green option would allow customers to purchase 25 to 50 percent renewable power at the same rate—or cheaper—as their average utility rate
- The dark green option would allow customers to buy 100 percent renewable electricity at a premium of 8 to 10 percent above the standard utility rate. The total price is expected to decline to below the utility rate after approximately eight years
- **Local benefits include increased economic activity, lower electric bills in a short time frame, and decreased greenhouse gas emissions**

BERKELEY FIRST
CITY-FINANCED SOLAR LOANS

- The city’s credit is used to obtain favorable rates on loans for solar PV
- Rather than having each homeowner seek individual financing for solar PV, the city has acquired a pool of funds for individual solar projects to be paid back through the homeowners’ property taxes, as a special property-tax district
- The payback for the loan to the city will be over 20 years with collateral being the value of the home or property
- **The first hurdle the program overcomes is overall project financing**
- Having the city sponsor the loans allows much greater access to capital
- **The second hurdle the program overcomes is the financing of upfront costs by customers**
- Eliminating upfront costs in turn spurs participation
- The panels become incorporated into the property, and if the house or building is sold before the mortgage has been paid off, the mortgage debt transfers to the new owner of the building

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