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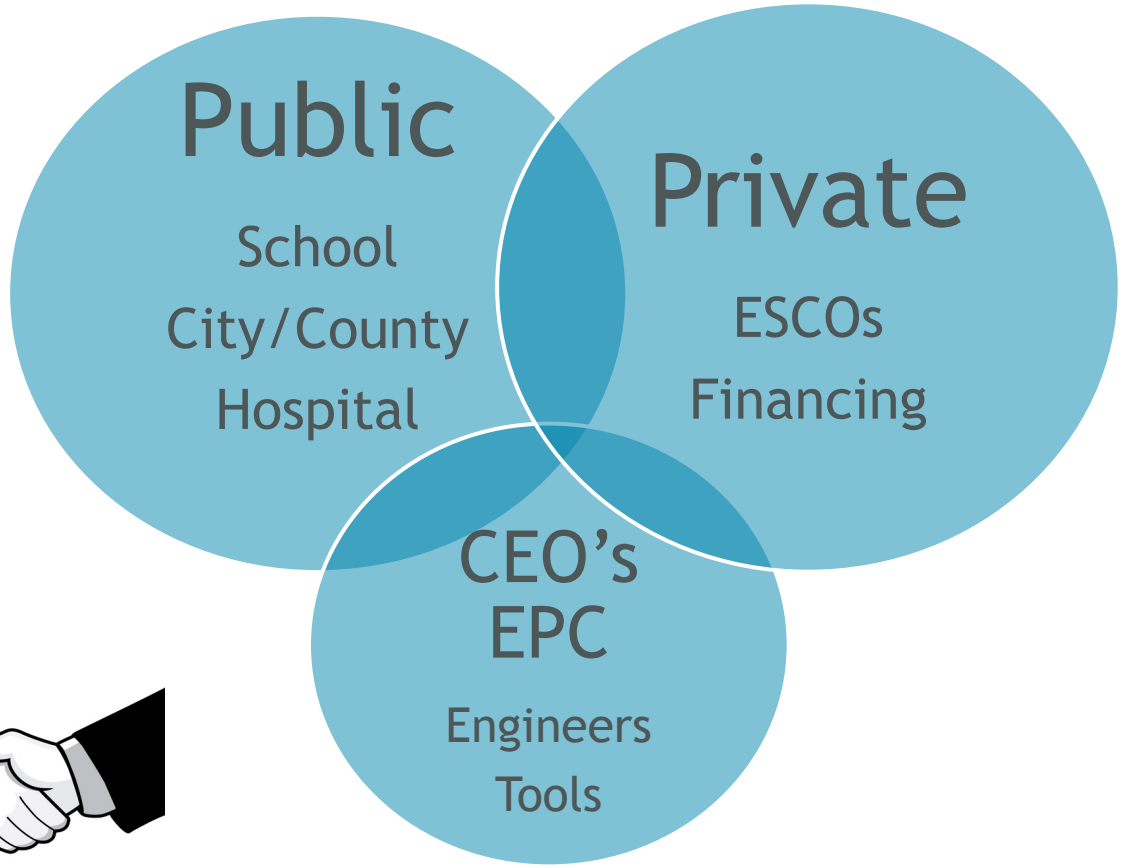
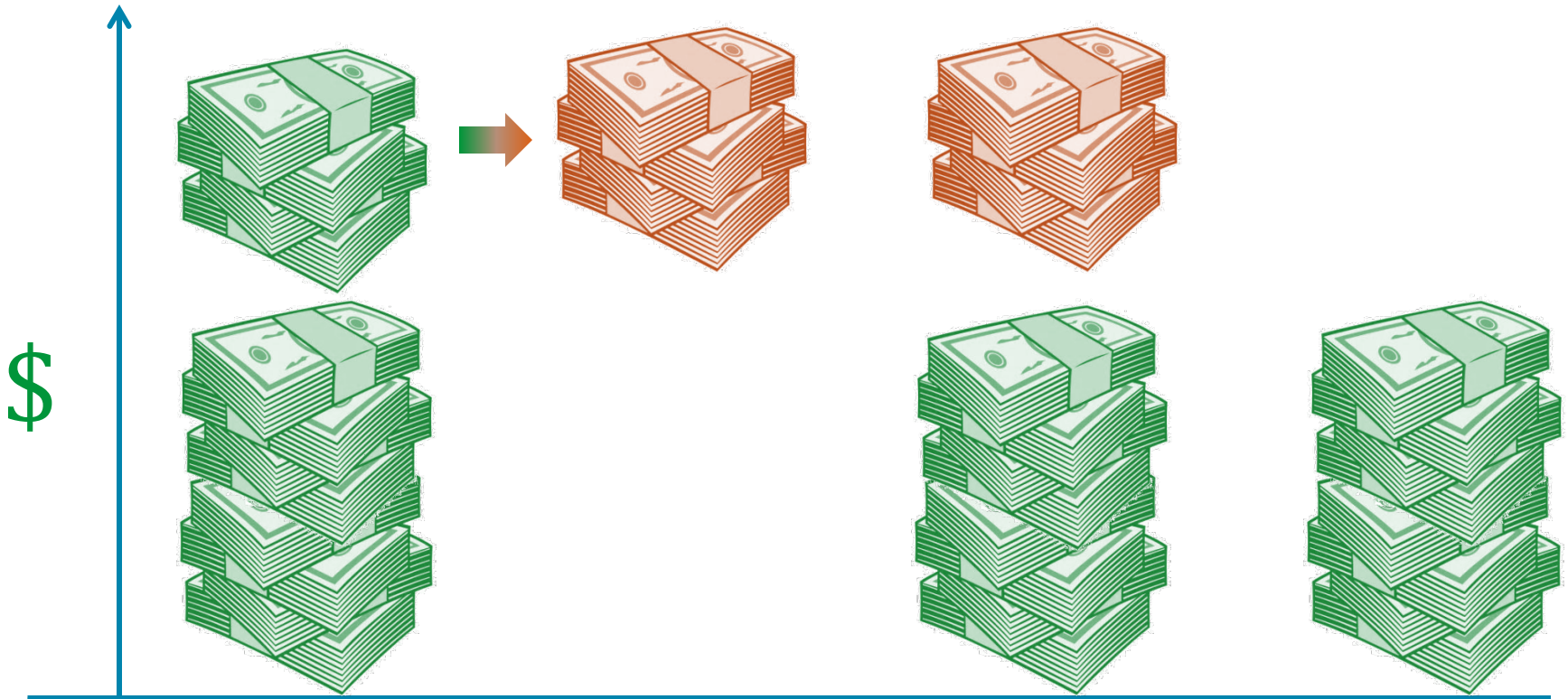
Partnership



Energy performance contracting (EPC)



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Energy Performance Contracting

The 5-step EPC process

MEASUREMENT & VERIFICATION

- ENERGY PERFORMANCE CONTRACT
- FINANCING CONTRACT
- CONSTRUCTION

INVESTMENT GRADE AUDIT + PROJECT PROPOSAL CONTRACT

SELECTION OF A PRE-QUALIFIED ESCO

CLIENT COMMITMENT: (1) Build your team, (2) Sign MOU with CEO

The key elements of success with EPC

- Standardized, state-approved documents
  - Developed by consensus, and approved by State Architect +AG + Controller
  - Toolkits, contracts, guidance, protocols on website
- Pre-qualified ESCOs
  - Engineering capacity and organizational strength
  - ESCOs contracted with the State
- CEO advice and technical support
  - MOU outlining CEO support
  - Dedicated engineer throughout life cycle of project
- Private market-based financing
  - Active EPC finance community in CO

The results, through FY17

PUBLIC SECTOR EPC PROGRAM RESULTS as of June 30, 2017

Facility investments	$546,416,348
Executed projects	199
Public clients	145
State agencies	8/18
Higher education	18/26
Counties	23/64
School districts	55/179
Municipalities	32/271
Special districts	9/?
Public buildings	2525
Square feet improved	80.6 *million sf*

Office space, schools, housing, libraries, jails, hospitals, street lighting, water & wastewater facilities, swimming pools, ball fields

GUARANTEED ANNUAL UTILITY SAVINGS

Electricity (kWh)	180.6 *million*
Natural gas, propane, heating oil & coal (therms)	9.9 *million*
Water (kgal)	506,189
Utility cost savings	$32.8 *million*
Operations & maintenance (O&M) cost savings	$2.8 *million*

ENERGY + WATER CONSERVATION MEASURES

- HVAC improvements
- Boiler replacements
- Pumps, fans & drivers
- Equipment controls
- Lighting fixtures & controls
- Occupancy sensors
- Operations & scheduling
- Building envelope improvements
- Water efficiency (low flow fixtures, irrigation, evapotranspiration & cooling tower controls, ice machine & laundry conversions, pool covers, valve replacements)
- Street & traffic lights
- Renewable energy installations

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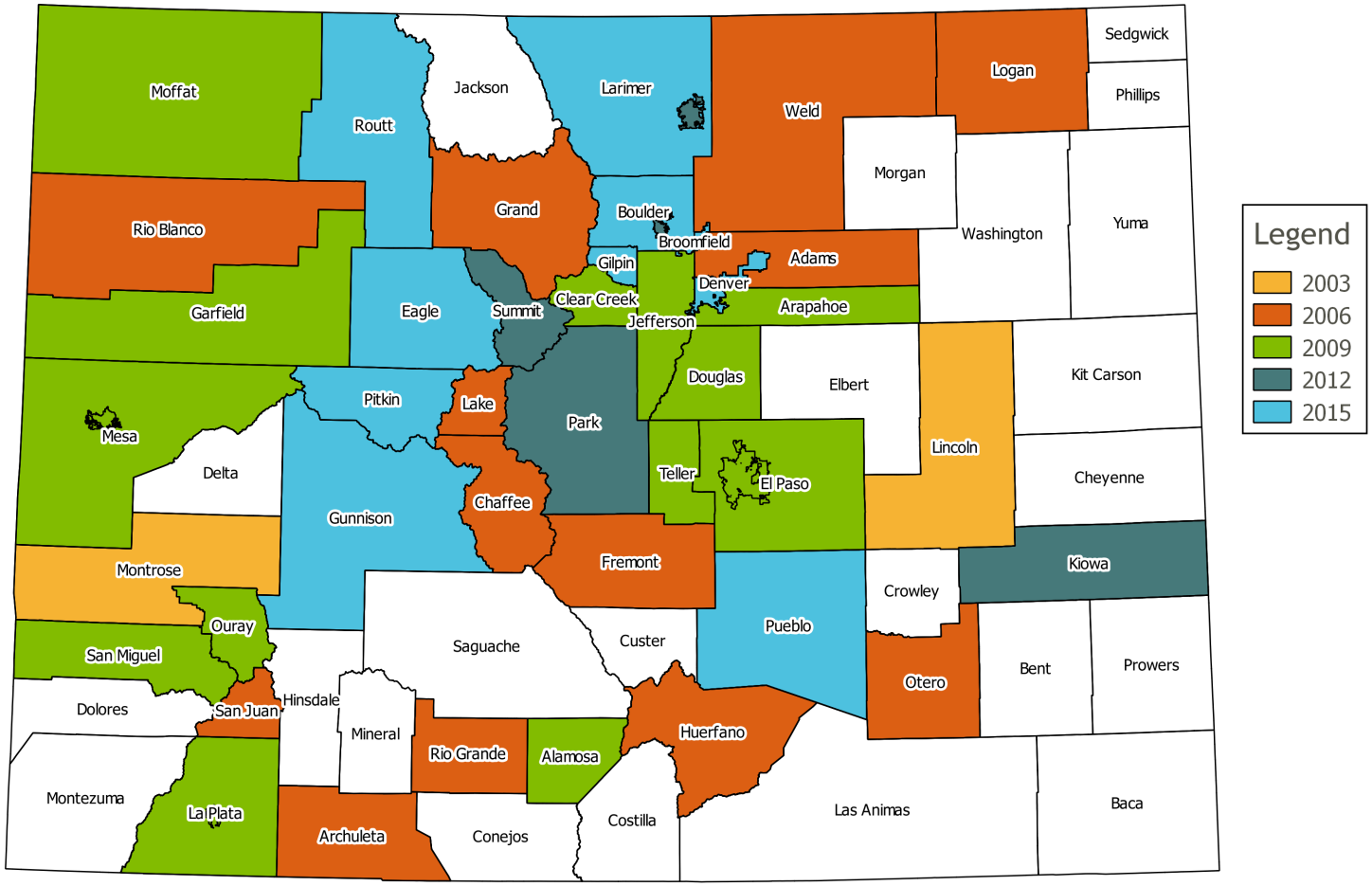
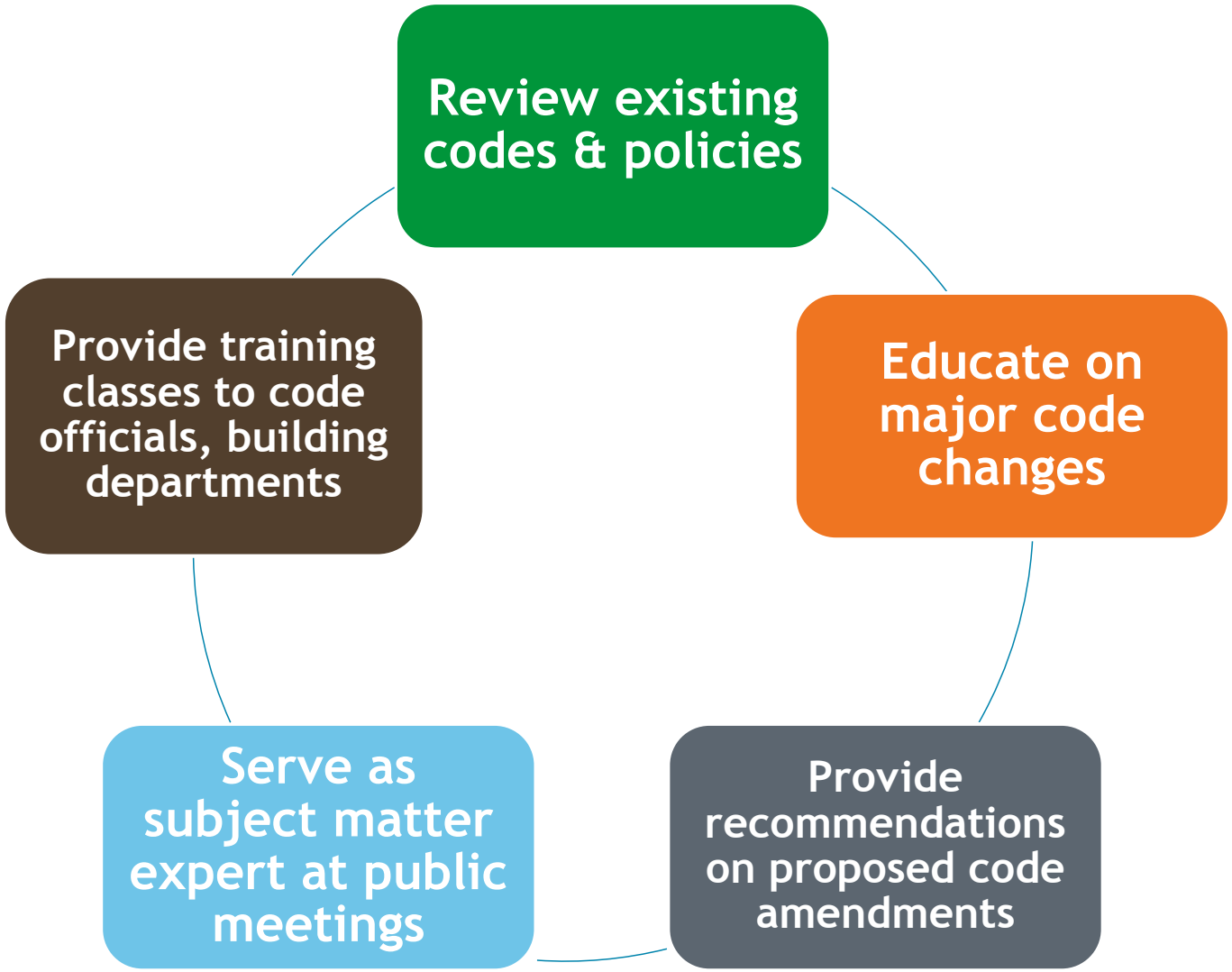
IECC Codes



*Map does not indicate which counties have heavily amended codes, nor does it represent the code for every town or city, which may differ from the county code in which it resides.

Code Training and Technical Assistance



Residential Financing: Colorado RENU Loan

- **R**esidential **EN**ergy **U**pgrade Loan
- Launched October 2017
- Financing for homeowners to make energy improvements to existing homes (efficiency and solar)
- Loans from $500 to $35,000 and 15-year terms
- Partnership between CEO and Elevations Credit Union
- Contractor-driven model

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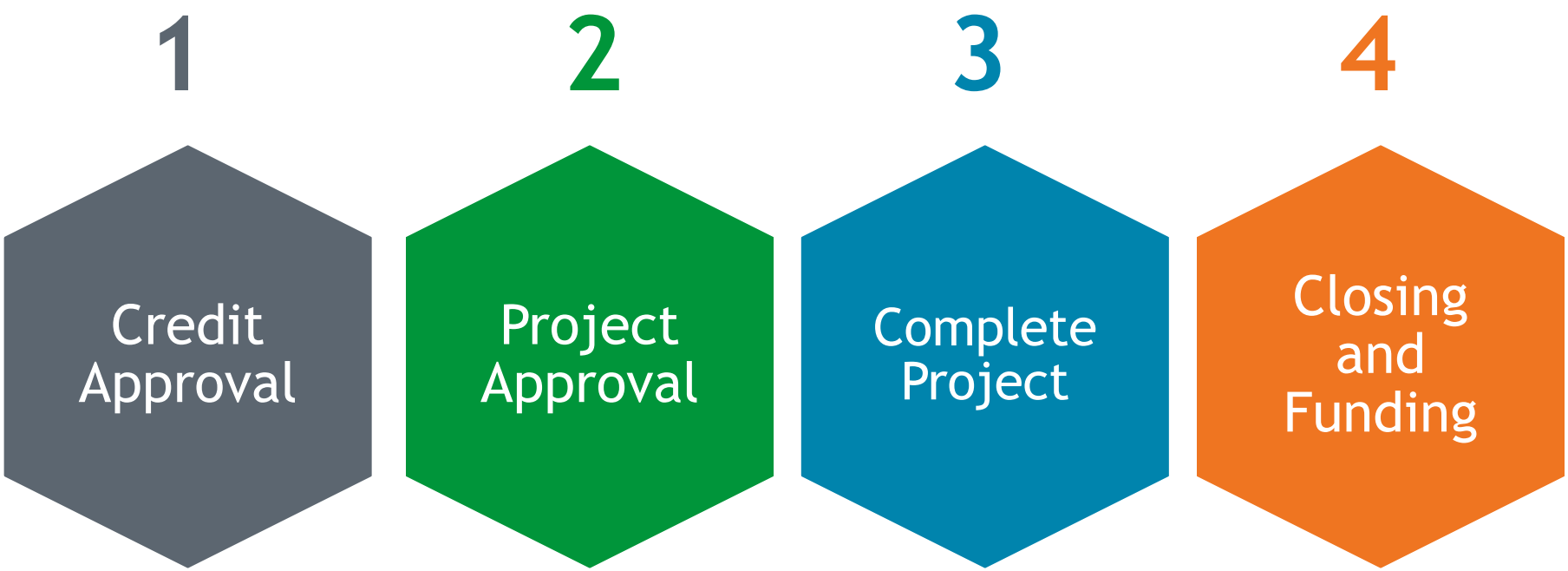
RENU Loan Process at-a-glance



Borrower seeks financing from lender.

Lender/RENU approve project.

Contractor completes project; submits final paperwork.

Borrower closes loan; contractor is paid for project.

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RENU Loan

- 25 authorized contractors statewide
  - Solar contractors serve 48% of state
  - Energy efficiency contractors serve 53% of state
- First 2 loans closed in December; more in queue

For more information or to schedule a training or event in your area, please go to www.corenuloan.com

Agricultural Energy Efficiency (AgEE)
&
Energy Savings for Schools (ESS)

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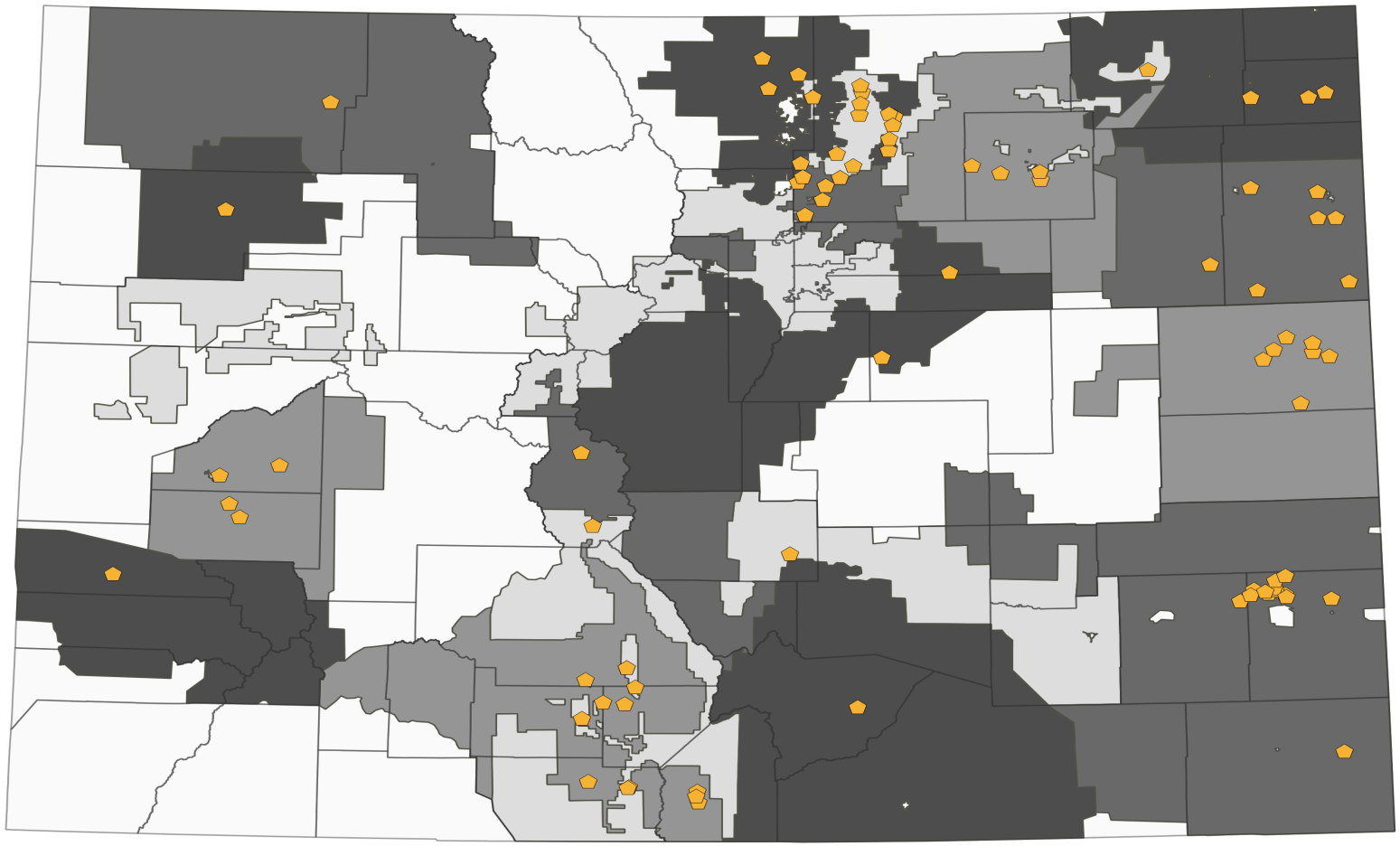
Agriculture & Energy

Colorado AgEE Program: Statewide

- Enroll 200 producers over 3 years
- Program Participants receive:
  - ➢ Phase I
    - No cost energy audit
    - Renewable energy site assessment
    - Technical support
  - ➢ Phase II
    - Access to financial assistance (CDA, USDA, utility rebates)
    - Implementation support and verification



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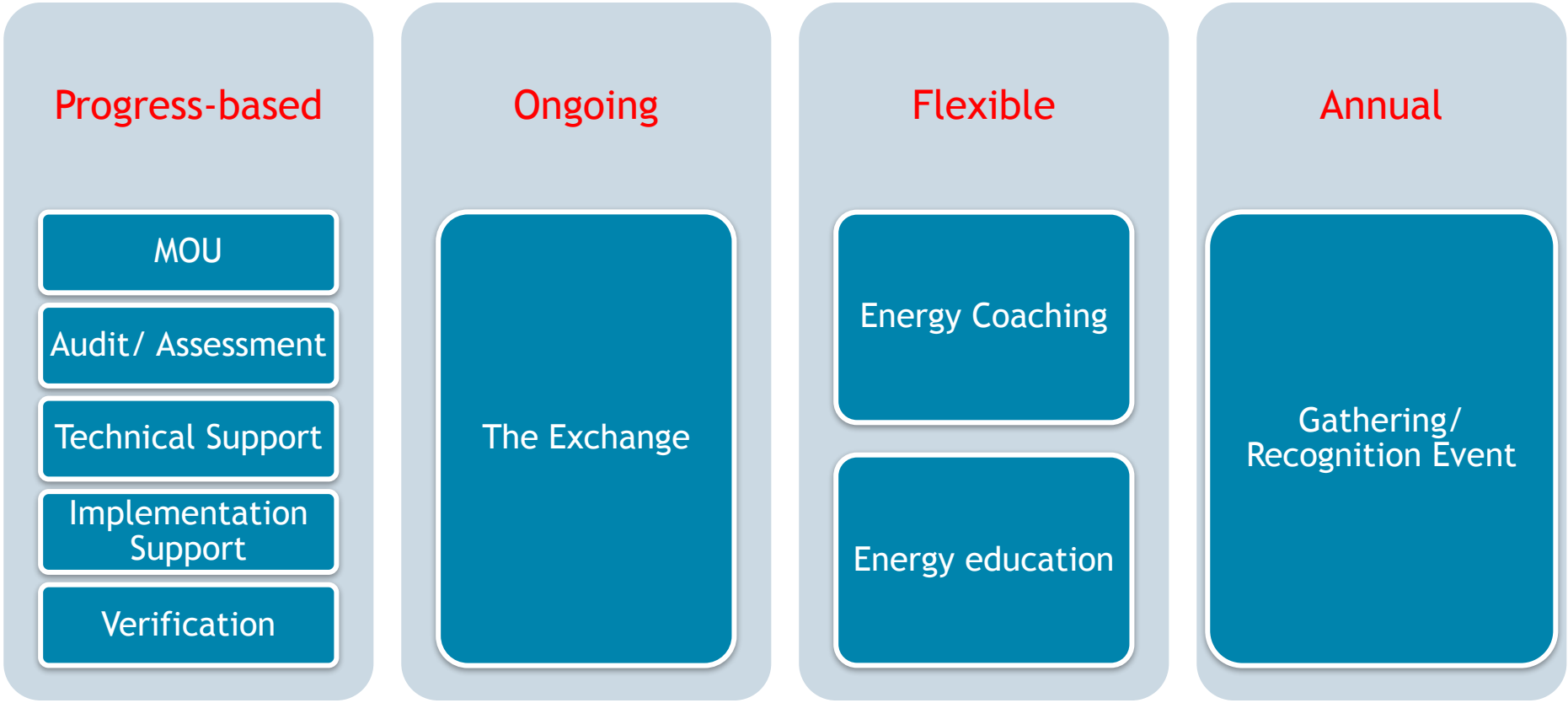
K12 Schools & Energy

K-12 schools spend more on energy than on computers and textbooks combined.

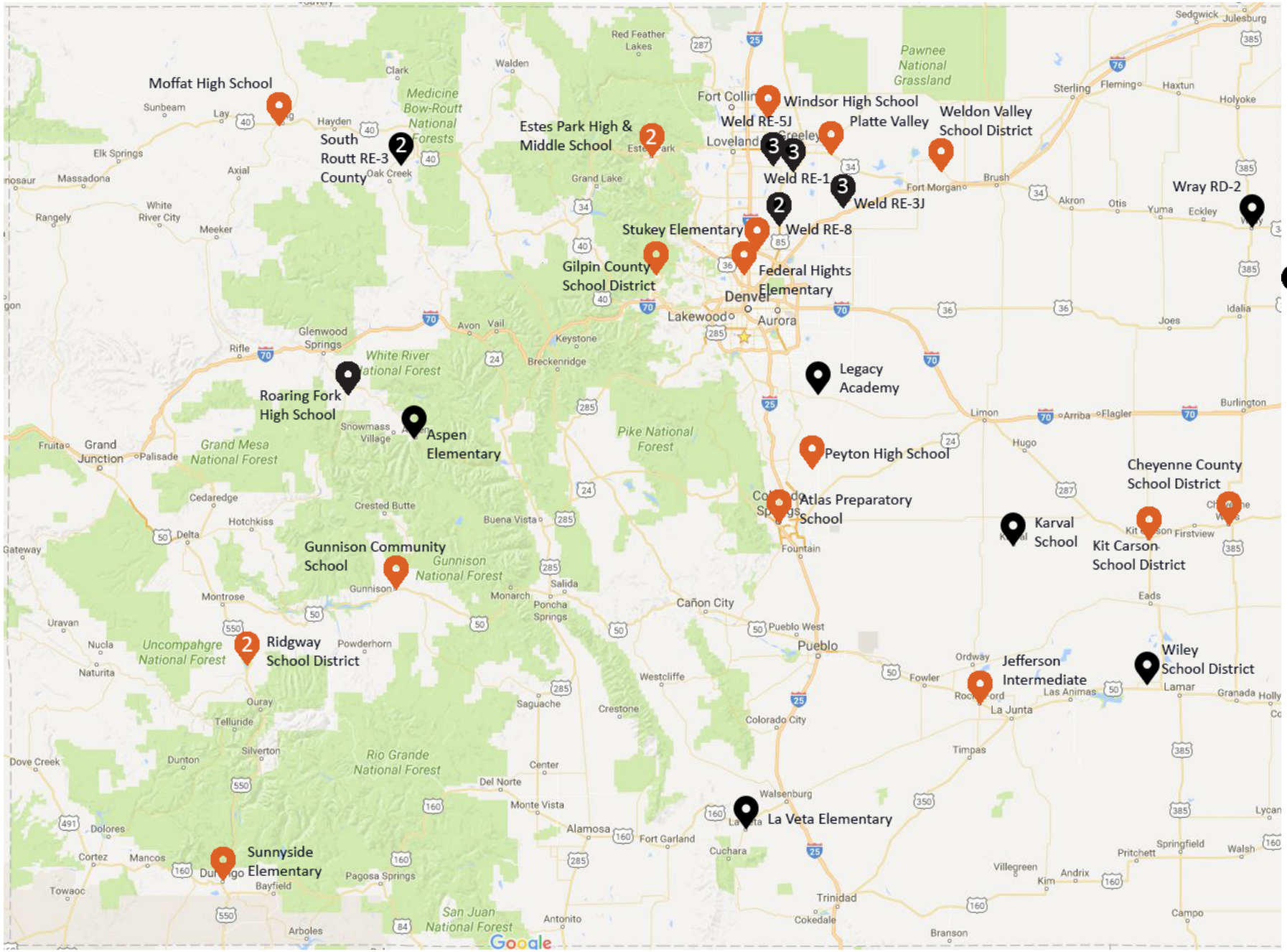
Average age of school buildings is 42 years.

US EPA estimates that K12 schools waste 30% of energy through inefficient buildings.

ESS Program Components



Participating Schools



Year 1

Year 2

Number of schools assessed

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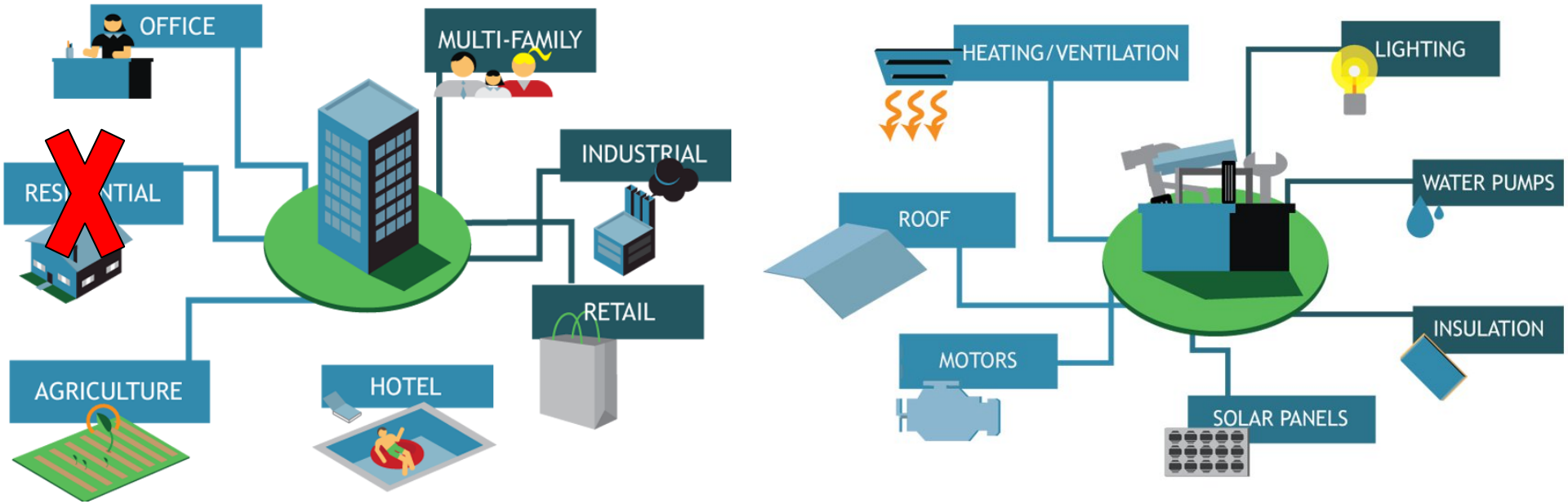
Colorado C-PACE: Background

- **C-PACE is a voluntary tax assessment-based, private financing program**
  - Commercial sector, including office, retail, industrial, agricultural, multifamily, etc.
  - Supports energy and water improvements that lead to utility cost savings

- **New Energy Jobs Act (32-20-101 et seq.) enabled creation of C-PACE**
  - Established the New Energy Improvement District (NEID) – Statewide District
  - NEID is to be governed by a Board of Directors from various industries, including banking, real estate, energy, etc.
  - Board's responsibilities include:
    - Establishing program rules
    - Drafting program paperwork
    - Implementing program framework
    - Overseeing and managing the District/C-PACE on an ongoing basis

Background (*continued*)

A wide variety of properties have used PACE to finance a wide variety of improvements



Source: PACE*Now*

Value Proposition

Value Proposition

- Finance 100% of project costs
- Longer duration financing = cash flow positive projects that increase NOI
- Avoid unplanned capital investments
- Addresses “split incentive” under some scenarios
- Assessment/lien transfers with the property

Critical Components

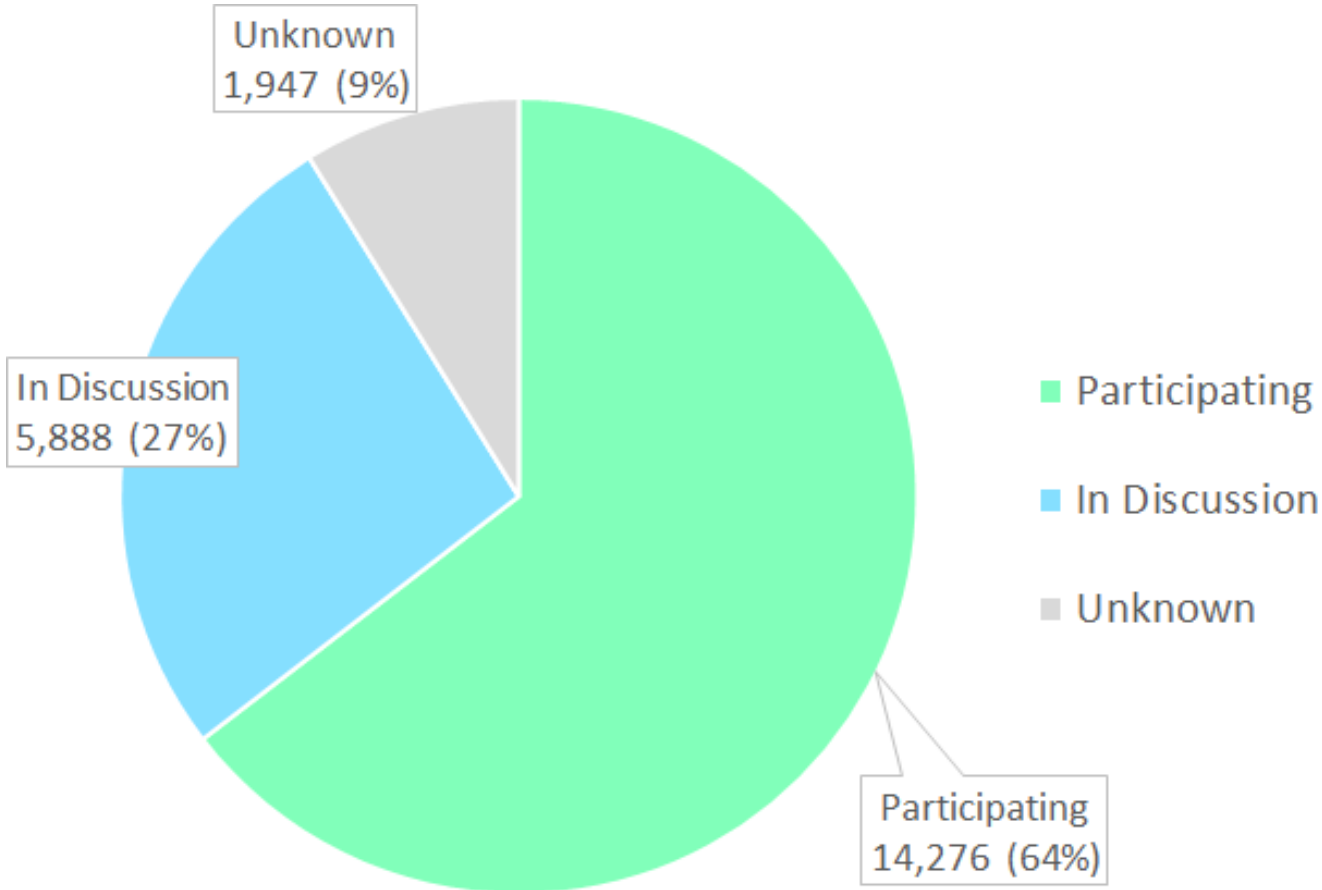
- Statewide District
- Voluntary “opt-in” structure (counties)
- Mortgage-holder consent required
- Financing provided by the private sector
- New Construction projects are eligible

County Participation

Participating Counties (19)

- Boulder
- Adams
- Broomfield
- Jefferson
- Denver
- Arapahoe
- Eagle
- Pitkin
- Garfield
- Pueblo
- Routt
- Lake
- Delta
- Fremont
- Montezuma
- Montrose
- San Miguel
- Gunnison
- Weld

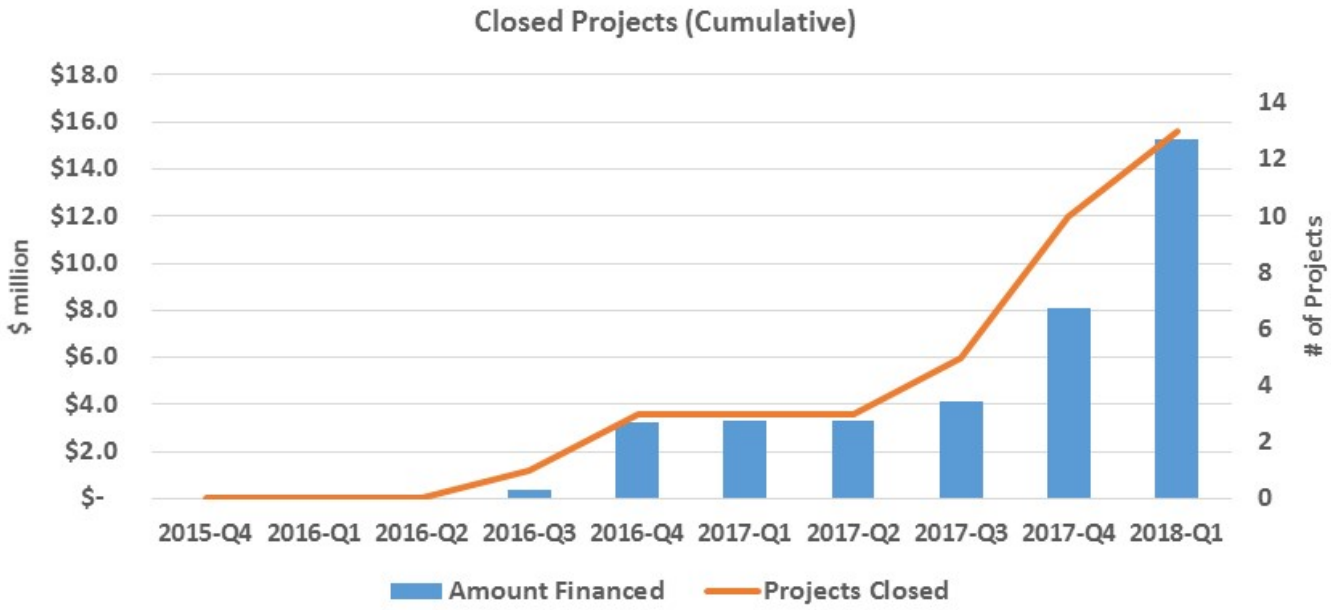
**Commercial Building Coverage by County Status

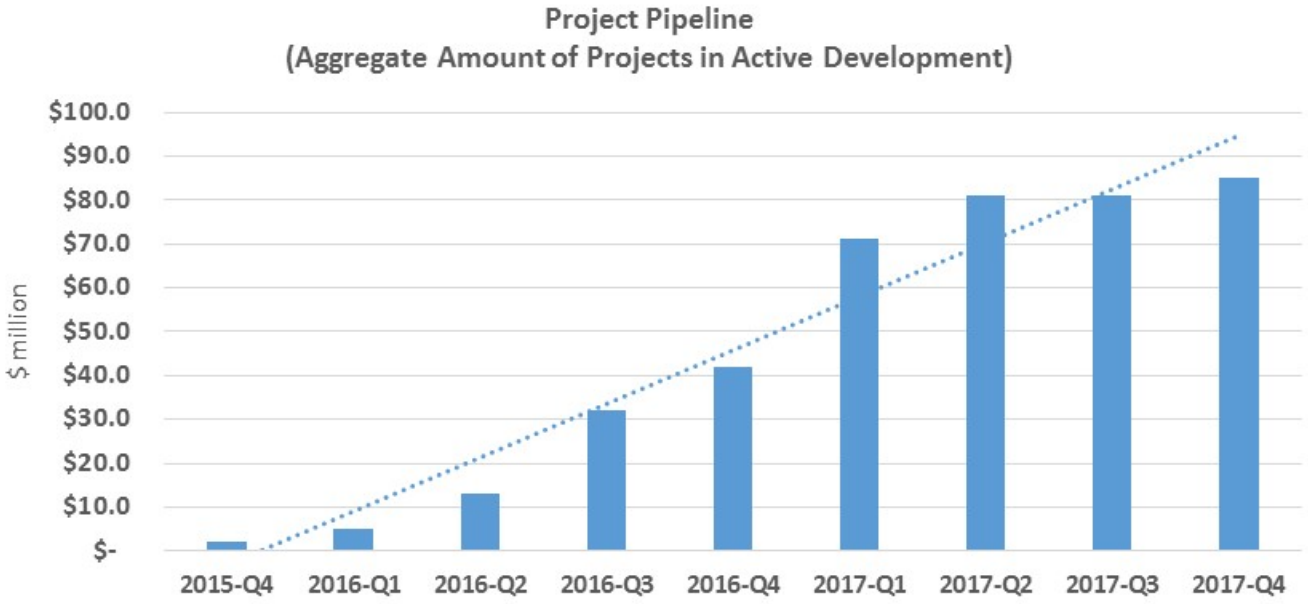


Completed Projects & Deal-Flow

Project closings are accelerating

- Thirteen (13) projects completed to-date
- ~$15.1M cumulative financing





Significant deal-flow in the pipeline

- 462 projects have been prescreened
- 56 projects are in active development, representing ~$85.0M of projects