

Driving Economic Development Through Industrial Energy Efficiency and Combined Heat and Power *(Third Party Financing)*

Presentation to:

NASEO 2013 Annual Meeting

(Denver, CO)

Third Party Financing

- What is It?

Financing arrangements between Customer and other entities to use sources of capital other than Customer's borrowing authority to fund new capital assets.

- Why is it important to Customers?

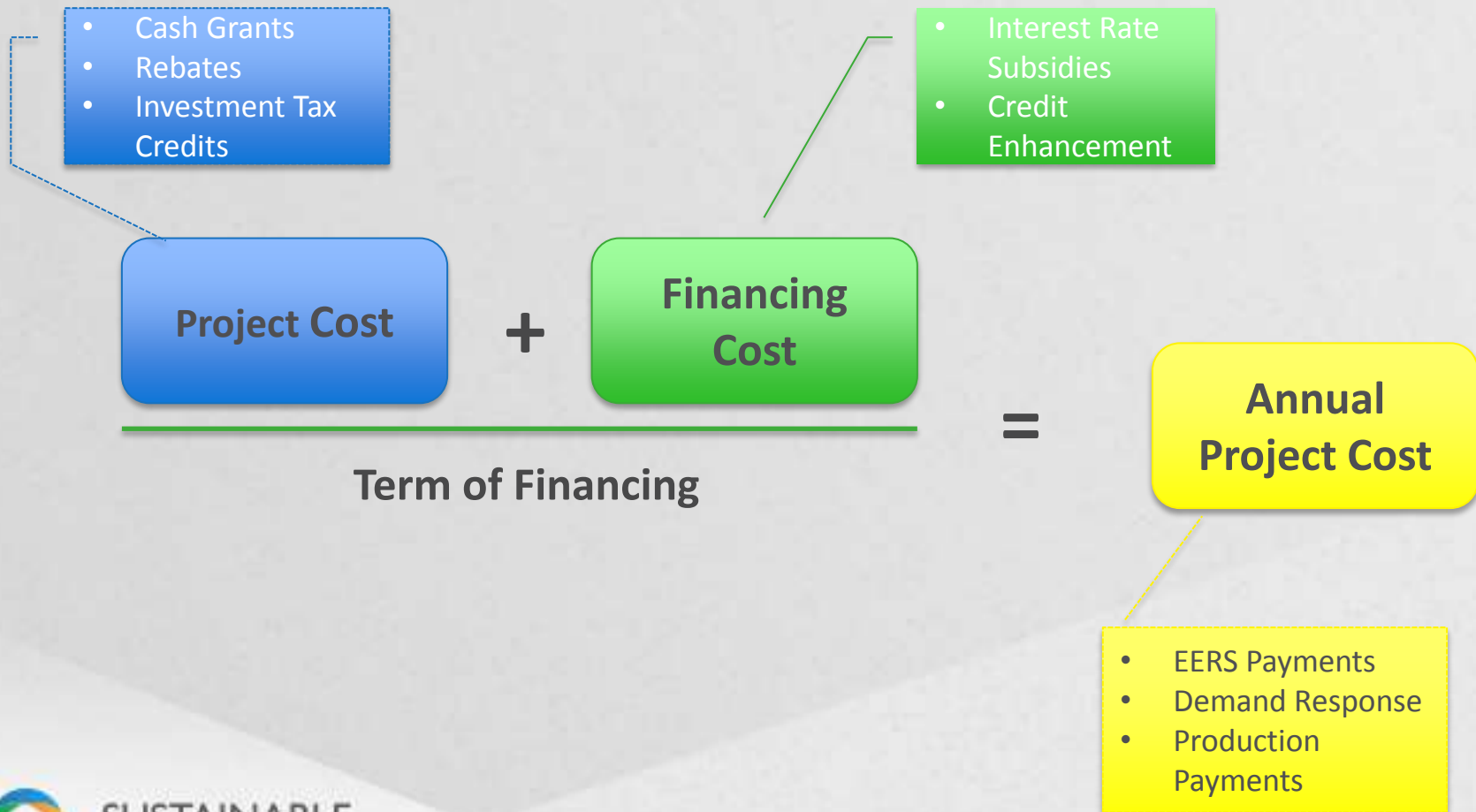
1. Capital Preservation
2. Accounting Treatment
3. Transfer of Risks (Performance, Policy and Regulatory)
4. Transfer of Costs (O&M, Fuel, and Project Development)

Third Party Financing Structures

	Power Purchase Agreement	Lease
Description	1.6 MW Biomass Cogeneration for Agricultural facility	1.46 MW Cogeneration project for Industrial facility
Project Costs	\$6,000,000	\$2,500,000
Project Incentives	\$750,000 Grants and annual production payments	\$500,000 grant
Projected Annual Savings	\$1,000,000	\$400,000
Primary Reason for Third Party Financing	Unable to Self-Finance	Capital Preservation
Comment	Financial Incentives key to project	Energy was the third highest operating expense

Public Policy Impacts Project Economics

- Financial incentives can have varying impact on the upfront and ongoing performance of Industrial EE and CHP projects.



Opportunities to Expand Industrial EE and CHP

1. Regulatory compliance with Boiler MACT rule presents opportunity to address a time sensitive requirement
 - May require increased coordination to address permitting, approvals and other requirements
2. Provide ability for third party owners to sell on-site electricity and/or steam directly to the customers/host

For More Information

If you have questions or need additional information, please contact:

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