

**Clean Renewable Energy Bonds (*CREBs*)
&
Qualified Energy Conservation Bonds (*QECBs*)**

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October 8-9, 2009

CREBs/QECBs Overview

American Recovery and Reinvestment Act of 2009

Tax Credit Bonds

New Clean Renewable Energy Bonds (CREBs)

- \$2.4 billion in new CREBs to be split equally between
 - Governmental bodies
 - Public power providers
 - Cooperative electric companies
- Provide funding for renewable energy projects that create electricity
 - Solar PV (not thermal)
 - Wind
 - Biomass/Landfill Gas
 - Small Hydro
- Lender/Bondholder receives a Federal tax credit, which reduces the rate to the borrower/issuer
- Applications due to the IRS on August 4, 2009
- Separate application for each project location
- Allocation are awarded from smallest-to-largest locations
- CREBs must be issued within 3 years of allocation notice from IRS

American Recovery and Reinvestment Act of 2009

Tax Credit Bonds

Qualified Energy Conservation Bonds (QECCBs)

- \$3.2 Billion allocated among the states in proportion to population
- Similar to CREBs, lender/bondholder receives a Federal tax credit during the term
- Automatic Allocation to large local governments (counties/cities with population >100,000)
- Projects related to reducing energy consumption in publically-owned buildings
- Implementing green community programs
- Renewable energy projects (solar, wind, biomass, landfill gas, etc.)
- Research facility expenditures and research grants
- Public education campaigns to provide energy efficiency

Solar Financing Strategies

Solar Financing Strategies

There are two basic financing strategies for financing solar projects

Utility Strategy

- Service agreement, not a financing
 - Power purchase agreement
- Energy assets owned by a third-party
- Host customer purchases output at a fixed price

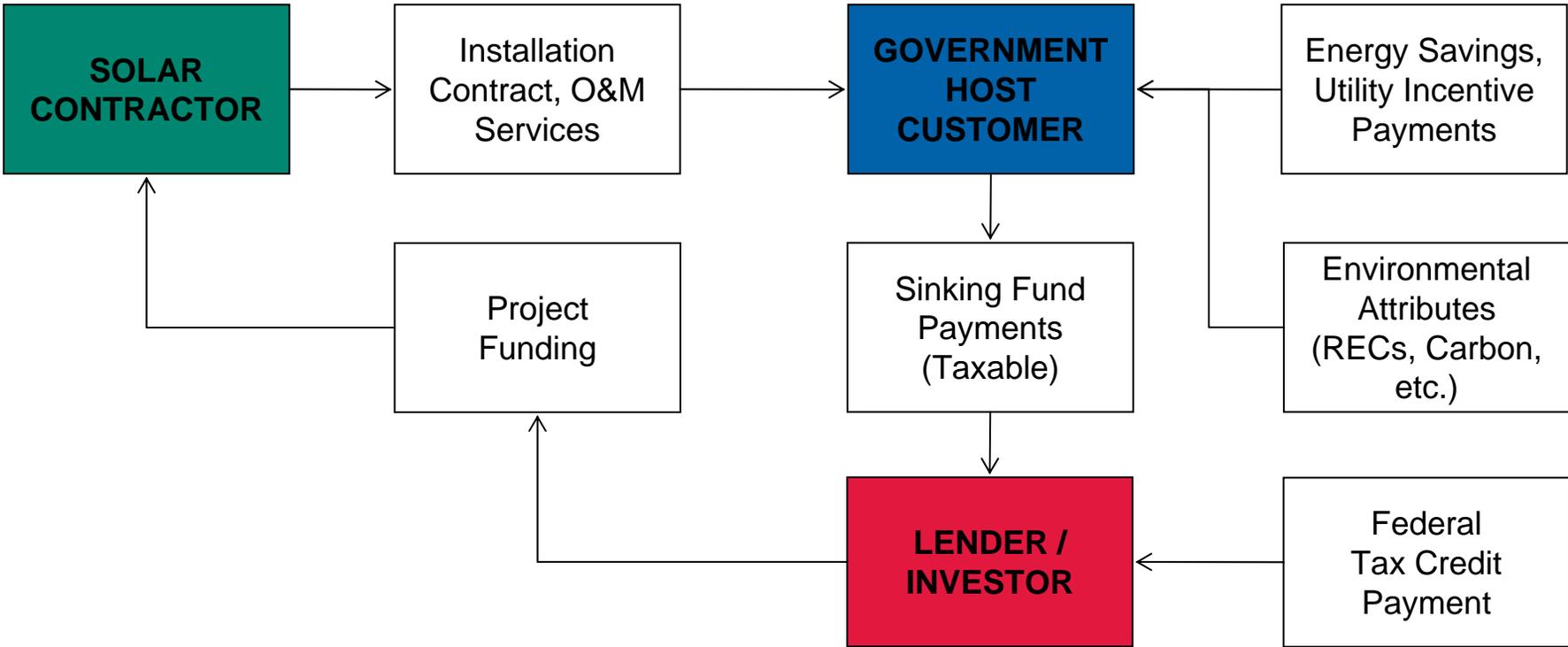
Ownership Strategy

- Cash purchase
- Tax-exempt financing options
 - General obligation bonds
 - Lease revenue bonds/certificates of participation
 - Municipal lease/purchase
- Tax credit bonds
 - Clean Renewable Energy Bonds (“CREBs”)
 - Qualified Energy Conservation Bonds (“QECBs”)

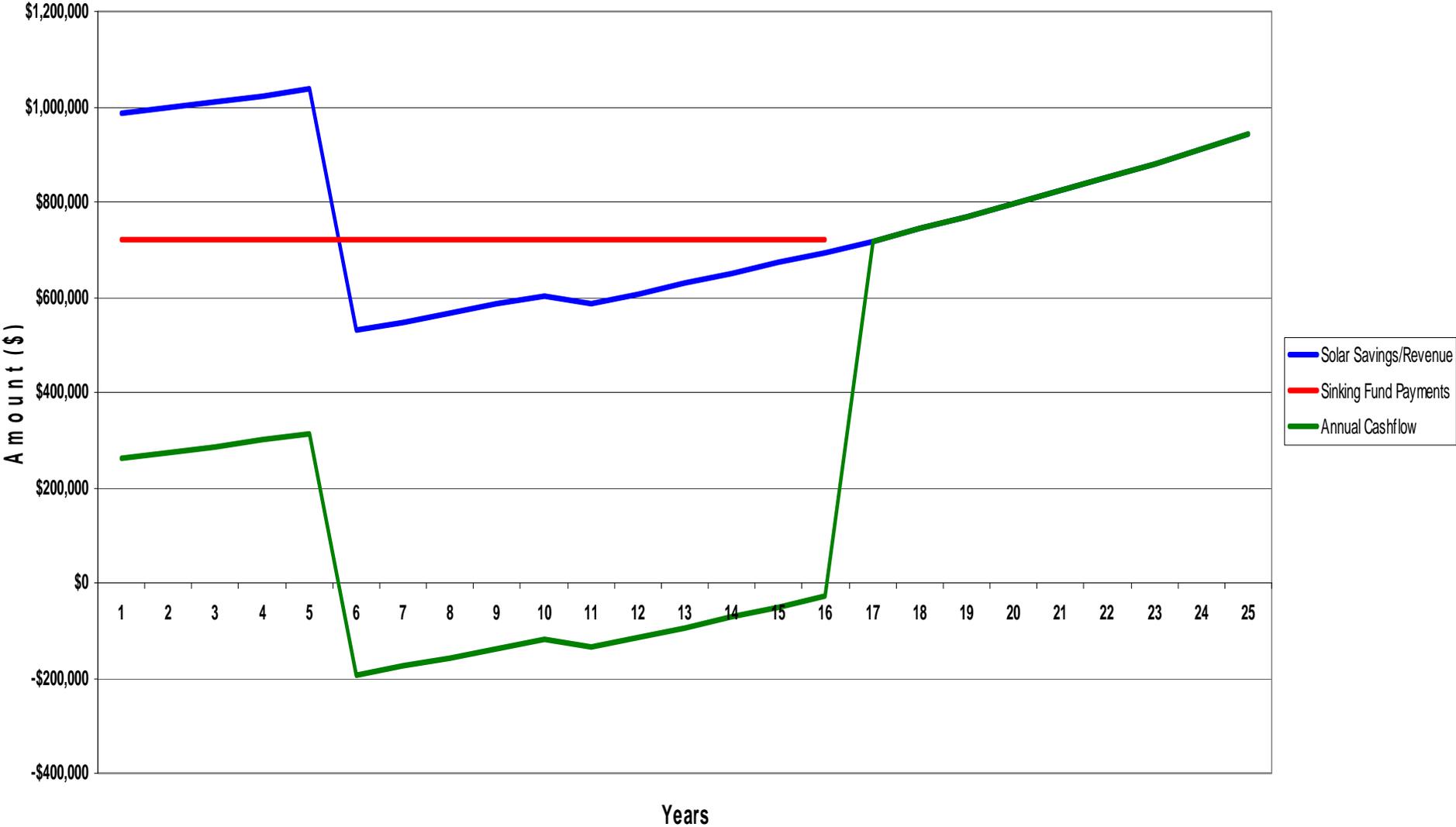
CREBs/QECBs Structures

Tax Credit Bonds - Sinking Fund

Tax credit bond funding mechanism for energy related projects.

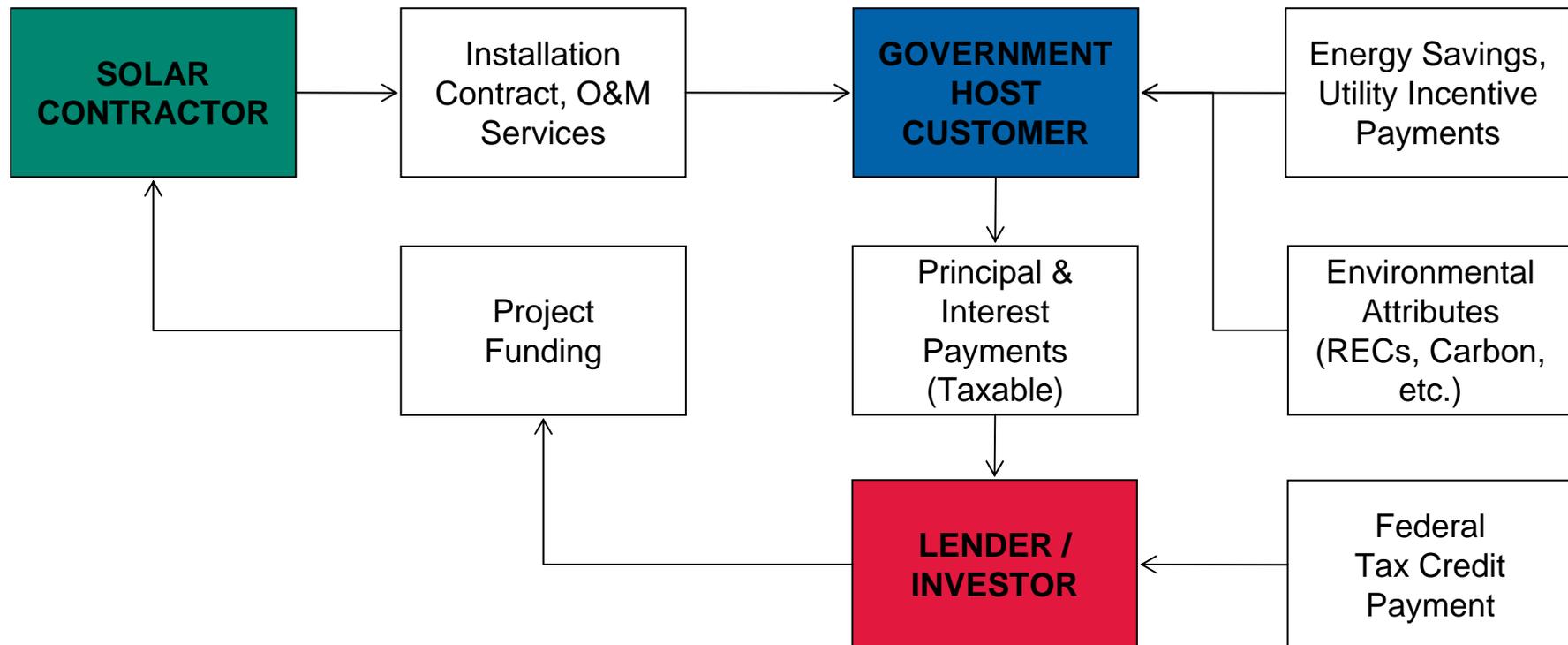


CREBs/QECBs Sinking Fund Example

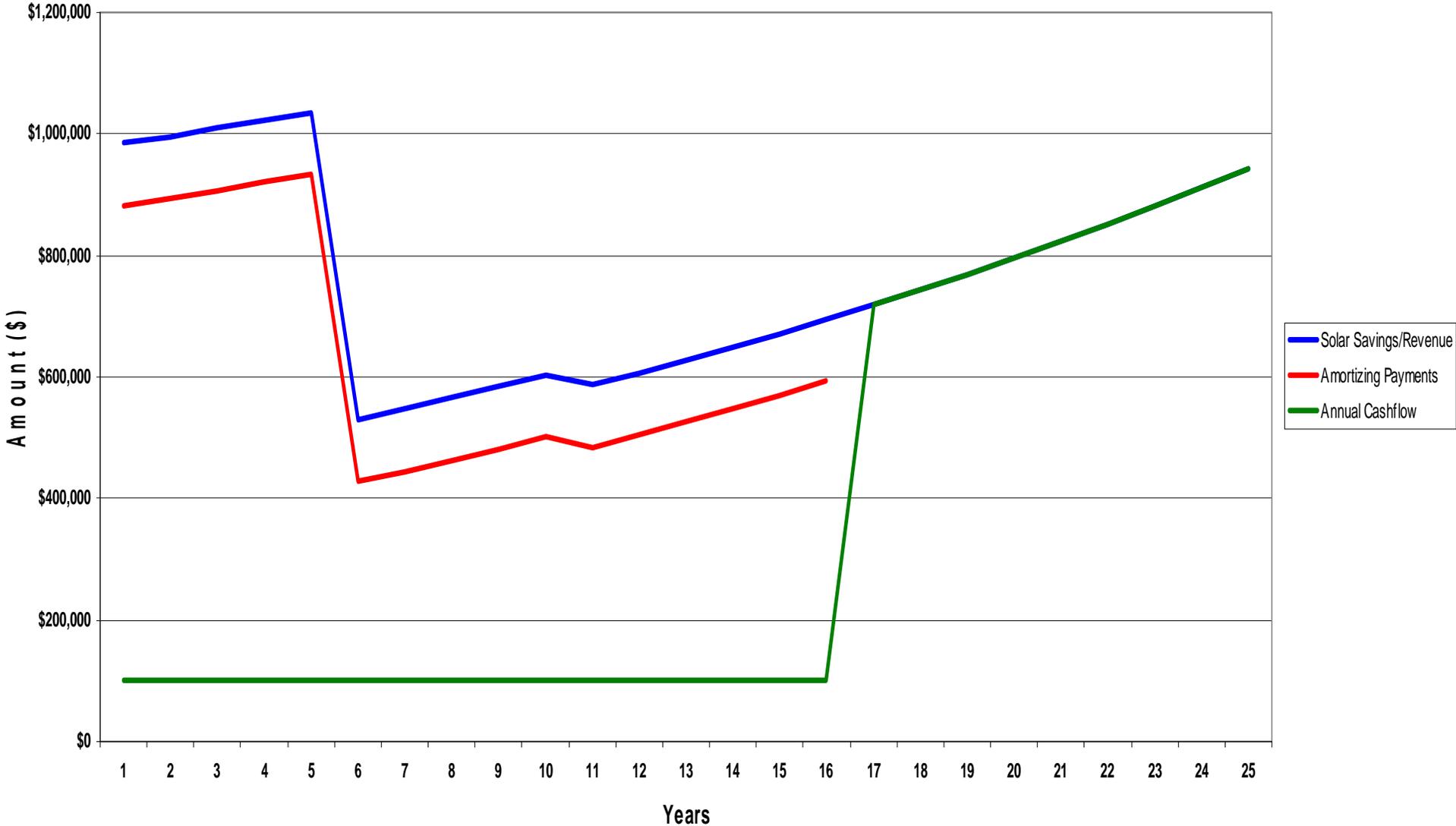


Tax Credit Bonds - Amortizing Structure

Tax credit bond funding mechanism for energy related projects.

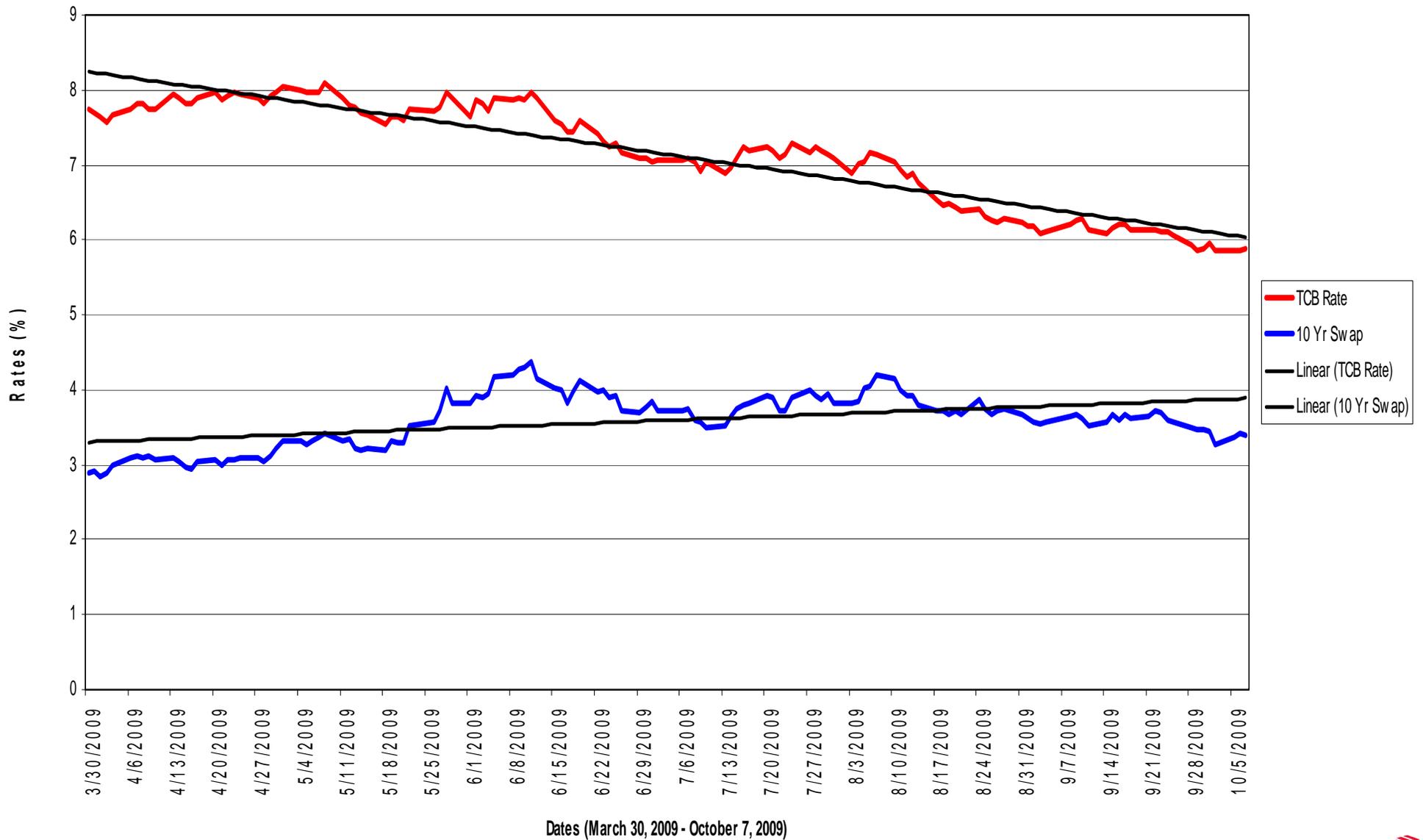


CREBs/QECBs Amortizing Example



CREBs/QECBs Pricing

Comparison between Federal Tax Credit Bond Rates and 10 Year US Treasury Swap



CREBs Case Studies

CREBs Case Studies

\$ 2,601,001



CREBs

CoGen/CHP

\$ 6,129,558



CREBs

Solar Panels

\$ 19,661,583



CREBs

Landfill Gas Project

\$ 1,790,000



CREBs

Wind Turbine

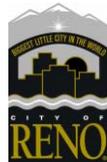
\$ 7,595,900



CREBs

Solar Panels

\$ 2,340,000



CREBs

Solar Panels

\$ 20,000,000



CREBs

Solar Panels

\$ 1,500,000

City of Palo Alto

CREBs

Solar Panels