Connecticut Microgrid Program – Round 2

**Project Financing Information Sheet**

**About the Clean Energy Finance and Investment Authority (CEFIA):**

CEFIA, the nation’s first state Green Bank, was created in 2011 by the Connecticut Legislature as part of Public Act 11-80 to support the Governor’s and legislature’s strategies to achieve cleaner, cheaper and more reliable energy sources through clean energy finance for Connecticut residents, businesses, municipalities and institutions.

**How CEFIA can assist municipalities and project developers:**

CEFIA is working to finance the deployment of microgrids, and will assist successful Connecticut Microgrid Program applicants in accessing, arranging and securing financing for the following components of a microgrid, which can generally be categorized as the onsite power generation, thermal energy distribution infrastructure and end use facility improvements required to implement a cost-effective microgrid:

* Generators, fuel cells, or any other type of electrical energy production source
* Fuel tanks, piping, or fuel regulation equipment
* Foundations, except for electrical interconnection equipment as defined above
* Excavation, trenching, paving, etc. – except for underground electrical interconnection of the microgrid
* Mechanical equipment or piping
* Thermal insulation

In an effort to help clean energy projects become cost effective through lowering their cost of capital, CEFIA has developed existing financial programs that utilize private capital and may be applicable to microgrids, including:

* **Commercial Property Assessed Clean Energy (C-PACE)**

Tax lien financing for building owners’ energy efficiency and clean energy improvements

* **Lead By Example**

Reduce energy use in state and local government buildings and operations with ESPC

* **Anaerobic Digestion**

$6M in grants, loans and power purchase incentives to offset cost of investing in AD equipment

* **Combined Heat and Power Pilot Program**

$5M in grants, loans and power purchase incentives to offset cost of investing in CHP equipment

Additionally or separately from existing programs, CEFIA may provide small amounts of direct financing to attract third party financing for microgrid projects, particularly for the following technologies:

* Anaerobic Digestion
* Combined Heat and Power
* Solar PV
* Fuel Cells
* Storage and Microgrid Controls
* Energy Efficiency Improvements

In addition to CEFIA financing, there are key components of project revenue available through state and federal programs:

* **Power Purchase Agreements or Energy Services Agreements**

Third party covers the cost of installing the energy improvements and charges the customer site a preferential rate for their electricity

* **Net Metering**

Customer can reduce amount of energy purchased from an energy supplier and provide a value for the excess energy (exported energy to the Grid) produced by their generator

* **Virtual Net Metering**

Program currently being finalized by the Connecticut Public Utilities Regulatory Authority

* **Renewable Energy Credits (LREC/ZREC; NEPOOL)**

Market driven bidding process for projects to compete to obtain a 15-year revenue stream from the sale of RECs to the electric utilities. Year 3 LREC/ZREC RFP to be released in April 2014.

* **Tax Incentives (Federal Investment Tax Credit; Modified Accelerated Cost-Recovery System)**

ITC allows customer to offset their taxes by taking a 30% credit of the build expenditures for clean energy measures; MACRS allows owners of renewable equipment to take accelerated depreciation discounts

For detailed information on the financing options available through CEFIA for your microgrid project, please visit: [www.energizect.com/microgrids](http://www.energizect.com/microgrids)

For general Connecticut Microgrid Program information, including the Round 2 Request for Proposals, please visit: <http://www.ct.gov/deep/cwp/view.asp?a=4120&Q=508780>