The Milwaukee Model
Milwaukee Shines
Solar Financing Solutions

September 26, 2012
The Milwaukee Model

- Introduction to Milwaukee Shines

- Milwaukee Power Pack: a new kind of solar purchase program

- Milwaukee Shines Solar Financing

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Milwaukee Shines

2008: US Dept of Energy
Solar America City

Goals

- Increase installations
- Increase installers
- Reduce cost of solar
- Support manufacturing
- Support for SHW and PV
- Public - Private Partnership
Milwaukee Shines

2012: US Dept of Energy SunShot Rooftop Solar Challenge
Wisconsin Team

Goal: Reduce Soft Costs
- Permitting
- Financing
- NM & Interconnection
- Zoning
Milwaukee Model: Group Buy

Milwaukee Power Pack
Solar for Milwaukee. By Milwaukee.
Solar purchase program

- Quality, lower cost installs
- Address issues from other group purchase programs
- Support various audiences
Goals

- Education for customers
- Lower cost solar for customers
- More leads and more jobs for local installers
- More business for Milwaukee-based solar companies
- Builds on SunShot initiatives
Milwaukee Power Pack

What is it?

- Solar panels and inverter from Milwaukee companies
- Installations by trained, NABCEP-certified solar installers
- Education for potential clients
- Coupled with low-interest financing for City residents
What is it?

- Pilot solar purchase program
- May 1-July 31, 2012
- Set system size to “sell” to customers
  - Start with 2 KW system
  - Average size of MKE install
  - Can be resized as needed
- Residential or business
Milwaukee Power Pack

How does it work?

- Reduces administrative costs for installers
  - Marketing
  - Customer development
  - Quality, 3rd party
- Reduced component costs
- All qualified installers can participate. (Not just one selected installer)
Role of MREA

**EDUCATION**

- Solar Power Hours
- 20 workshops in 12 weeks
- Helios Solar Works Tours
- Outpost Natural Foods
- Community Presentations
- Installers invited to attend
- Phone consultations!
Role of MREA

MARKETING

- Advertising: print, radio, on-line, social media
- Media outreach
- Direct marketing with Outpost Natural Foods
- E-blasts to MREA, Milwaukee Shines, Outpost contact lists
- Over 10,000 contacts
Role of MREA

**MANAGEMENT**

- Coordinates all aspects of the program
- Works with installers, manufacturers, customers
- Improve and replicate program
  - Feedback, surveys
  - Advisory Committee
- Establish community partnerships
Installer Requirements

- NABCEP Certified Installer
- Focus on Energy Trade Ally
  eligible for state incentives
- Provide info on company
  # of local employees, # of
  installs, union shop, other
  memberships
- 5 year service warranty
Installer Requirements

- Work with Helios and Ingeteam
- Represent Power Pack in professional, positive manner
- Provide $100 for each install to MREA for admin of program. Customer receives MREA membership
Installer Benefits

- Attend Solar Power Hours
- Provide materials for distribution
- Use logo and marketing materials in own promotion
- No exclusive product selection
- No set price – increased competition
Milwaukee Power Pack

Manufacturers

- Limited time discount to participating installers
  - Panels: locked in a ceiling price
- No shipping fees
- No distributor fees
- Introduce product to:
  - Installers, customers, stakeholders
Lessons Learned So Far

- Weekly sessions created reliable, predictable resource
- Non-profit = credible 3rd party
- Customers LOVE tours and “local”
- Idea of “Same Size Fits All” works in marketing – not in application
- Timeline of “Interest-to-Install” longer than industry would like
- Installers = Herding Cats
The Milwaukee Model

Financing

- How to pay for the rest of system cost?

- Couple Power Pack with Milwaukee Shines Solar Financing
Evolution of the Program

- Study of WI solar industry indicated finding financing was barrier to installations in residential market
- Originally considered PACE
- Put on hold, so what was next?
- Other options considered
  - Revolving loan program, on-bill financing
Milwaukee Model: Financing

**The Basics**

- Partnered with Summit Credit Union (private financial institution) after RFP
- City provides loan loss reserve. Summit leverages LLR 20:1. $100,000 City = $2 million in solar loans
- Low interest rate: (Prime plus 2.25%) 3.5%-5.5%
- Loosened underwriting criteria
- No money down, no home equity
**Milwaukee Model: Financing**

**Requirements**

- City residents (owner-occupied, 3 units)
- Small scale PV (up to 6 KW) or SHW (up to 8 panels) – matched state incentive sizes.
- **Loan size:** up to $20,000
- **Term:** Up to 15 years. No penalties for pre-payments, no fees.
- **Expenses:** All equipment, labor, permits, fees. Structural and re-roofing *can* be included.
Goals

- Increase financing availability
- Increase interest in solar from private financing institutions
- Compliments existing energy efficiency program
- Keeps solar viable in changing incentive climate
Insights

- Financing must be part of broader effort of marketing and installer development.
- Still must “sell” customer on benefits of solar (or EE) before you sell the financing.
- Financing needs to be separate from property values. alternative underwriting criteria.
- Limited-time rebates or grants are still necessary to jump start the market.
Insights

- Banks have shown little interest in local energy programs. Not big enough to warrant new program.
- Credit unions more receptive.
- Meet with MANY financial institutions to find the right partner
- Commercial projects need credit enhancements for their own financing
- Meet the “right person” in an organization to make it happen
**Insights**

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Replication

- Milwaukee Power Pack 2\textsuperscript{nd} round Oct 6 – Dec 31, 2012
- Looking at Power Pack for other markets
- Working with other financial institutions
- Expanding to commercial sector
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