

PSE&G Solar Loan III Program



Residential Segment



PSE&G

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- PSE&G provides term loans to qualifying commercial and residential customers that can be repaid with cash or SRECs at a *guaranteed* floor price
- The loan amount is a function of the SREC floor price, interest rate and expected generation of the solar system
- As of June 2013, PSE&G Solar Loan Program I & II have supported the installation of 74 MW of solar capacity in New Jersey
- The Solar Loan III Program (“SLIII”), will support the installation of 97.5 MW of solar capacity allocated over 2-3 years



PSE&G Solar Loan III Program Update

- Dedicated SLIII website to serve as the home for all related updates
- PSE&G to provide bidders access to a web portal for application submittals
- PSE&G will be supported by an independent Solicitation Manager who will provide guidance regarding the competitiveness of all bids received



PSE&G Solar Loan III Program – Eligibility Criteria

- Projects must be located in PSE&G's electric service territory and eligible for net-metering
- Photovoltaic solar projects only
- Projects must be eligible to generate SRECs and are required to provide a compliant NJ certification letter in advance of loan closing
- All participants must make provisions to maintain the system for the duration of the loan term
- Any participant whose application is not complete or has not provided the required fees will not be considered



PSE&G Solar Loan III Program – Key Changes

- Competitive solicitation
(4-6 per year)
- 10-year loan terms only
- No call option for any segment
- Interest rate = 11.179%
- Borrowers to fund program administrative costs
- Applicants must complete their projects within six months of the PSE&G loan commitment letter



PSE&G Solar Loan III Program – Available Capacity

- Capacity will be allocated per the below schedule subject to market demand
- The residential and small non-residential segments are set-asides. Any unused capacity from the res-aggregated segment from the first solicitation will be added to the second solicitation. All other underutilized capacity may be reallocated to other oversubscribed segments for that same solicitation.

			Solicitation				
Segment	% of Total	MW	#1	#2	#3	#4 - #12	#13 - #18
Residential	10.00%	9.75	0.30	0.50	0.85	0.90	TBD
Residential -Aggregated	10.00%	9.75	0.30	0.50	0.85	0.90	TBD
Small Non-Residential ($\leq 150\text{kW}$)	13.48%	13.14	2.63	1.31	1.31	0.88	TBD
Large Non-Residential ($> 150\text{kW} \leq 2\text{MW}$)	61.39%	59.86	11.97	5.99	5.99	3.99	TBD
Landfill-Brownfield	5.13%	5.00	5.00	0.00	0.00	0.00	TBD
Total		97.50	20.20	8.30	9.00	6.67	TBD

PSE&G Solar Loan III Program – Solicitation Process

- Participants will submit a bid for a guaranteed SREC floor price along with their completed application
- The floor price has a **direct** impact on the loan amount
- Proposed SREC floor prices must be in multiples of \$5.00
- Within each segment, qualified projects will be ranked from the lowest to the highest SREC floor price
- Applicants that bid the same SREC floor price within a segment will be further ranked according to a time stamp
- Each capacity block will be filled by the ranked list of qualified projects until the capacity is fully allocated
- As applicable, applicants will be notified after the close of the solicitation that their projects have been conditionally accepted subject to further review including credit and interconnection
- Applicants not accepted due to capacity limitations will be placed on a pending list until the next solicitation in the event any conditionally accepted projects are rejected or withdraw from the program

PSE&G Solar Loan III Program – Sample Solicitation Schedule

- The actual solicitation schedule will be published on the PSE&G website in advance of each solicitation, but the below sample schedule is available for reference purposes

EVENT	DATE
Solicitation "X" Opens	Day 1
Deadline for Participants to Submit Offers	Day 5
PSE&G Preliminary Offer Review	Day 6-15
PSE&G Ranks Qualified Offers first by Bid Price & then by Date/Time Received	Day 16
PSE&G Notifies Applicants of Status (<i>via email</i>)	Day 20
PSE&G Commences Secondary Project Credit & Interconnection Review and Landfill Technical Review (<i>as appropriate</i>)	Day 21
Solicitation "X" Closes - Pending Applicants are Notified (<i>via email</i>)	Day 40
PSE&G Posts Solicitation Results on Website	Day 41
Solicitation "X+1" Opens	Abt. Day 45

Note: All dates are **business days** (e.g. Day 5 is the fifth business day after the solicitation began.)

PSE&G Solar Loan III Program – Applicant Credit Review

- Once an applicant has been conditionally accepted into the program, PSE&G will evaluate the project from a credit perspective
- All applicants must submit to a credit check
- Applicants who are salaried employees, or on a fixed income or have been self employed for more than two years must have an Experian FICO score of at least 680; applicants who have been self-employed less than two years must have an Experian FICO score of at least 720
- Applicants must be in good standing with respect to payment of PSE&G energy bills
- A financial review of the applicant's debt to income ratio will also be conducted along with other financial analysis as warranted
- PSE&G may request additional financial information on an as needed basis and applicants are required to respond within the time frame requested in order to maintain their conditional capacity award
- PSE&G will maintain a first priority lien position on the solar equipment

PSE&G Solar Loan III Program – Program Fee Structure

- **Application Fee** -- \$20/kW (*maximum of \$7,500*); Non-refundable upon receipt of conditional bid award
- **Administration Fee** -- \$85/kW deducted from the loan proceeds at closing
- **SREC Processing Fee** -- \$120/kW deducted from the loan proceeds at closing
- ***Participants should select a bid price that takes into account the new program fee structure***
- All fees will be incorporated into the loan calculators available on the PSE&G SLIII dedicated website

PSE&G Solar Loan III Program – Sample Residential Project*

System Size:	8 kW (dc)
Project Cost:	\$28,000
Gross Loan Amount (@\$250/SREC & 13.5% capacity factor):	\$13,577
Less Administration Fee (\$85/kW):	\$680
Less SREC Processing Fee (\$120/kW):	\$960
Net Loan Amount:	\$11,937

Additional Incentives:

<i>Federal Residential Renewable Energy Tax Credit</i>	<i>30% of qualified project costs</i>
<i>New Jersey Sales Tax Exemption</i>	<i>See www.dsireusa.org</i>
<i>New Jersey Property Tax Exemption</i>	<i>See www.dsireusa.org</i>

* *The above scenario is for illustrative purposes only. SREC floor prices are subject to the solicitation process. Please consult your tax professional regarding any assumed tax benefits. PSE&G is not affiliated with any solar installation companies and does not provide construction financing. PSE&G only funds the loan once the project has been built, all required inspections have been completed and all conditions precedent within the loan commitment have been met.*

PSE&G Solar Loan III Program – Meter Reading

- Projects will have a PSE&G revenue grade meter installed at the customer's expense to measure solar system output.
- If the PSE&G meter is not functioning properly and actual generation data cannot be obtained from this meter, PSE&G will accept data from a customer backup meter if it is accompanied by a specification sheet confirming the meter satisfies then current accuracy standards as set forth by the NJ Board of Public Utilities
- In the event that the PSE&G meter is not functioning properly and the borrower cannot provide data from a backup meter as described above, PSE&G will not enter any generation into PJM-GATS for the period when the actual generation data cannot be obtained.
- Residential customers have the option of registering for a “MyAccount” on the PSE&G website, which will enable them to enter meter readings in any month that their meter is not read by a PSE&G meter reader

PSE&G Solar Loan III Program – Additional Information

- PSE&G has made additional information available on the SLIII website to assist potential program participants including loan calculators and responses to frequently asked questions.
<http://www.pseg.com/solarloan>
- Detailed program rules can be found at:
<http://www.njcleanenergy.com/files/file/Utilities/5-29-13-2W.pdf>

