

# PSE&G Solar Loan III Program

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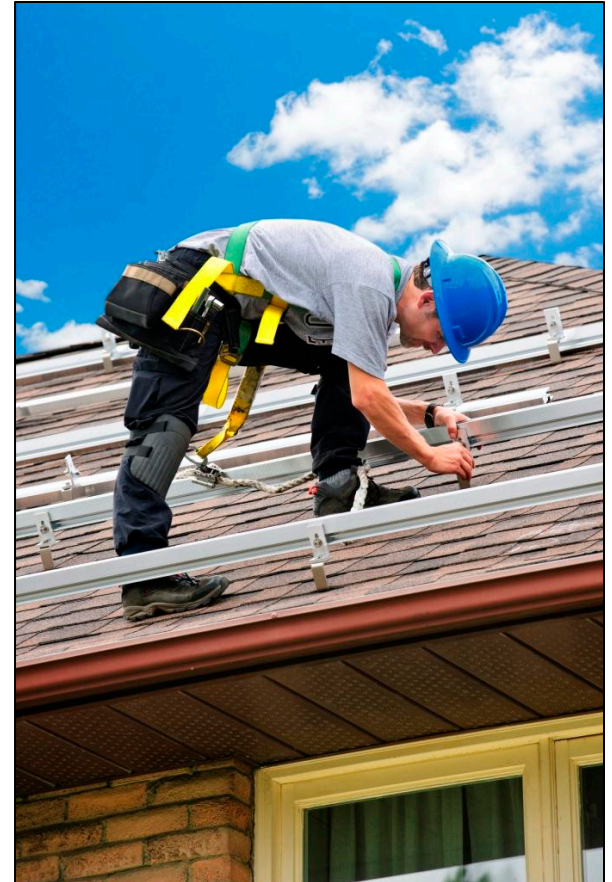


**Residential Aggregated Segment**



# PSE&G Solar Loan III Program

- 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

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- Dedicated SLIII website to serve as the home for all program 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

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- 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
- Commercial applicants must be registered to do business in NJ
- All participants must make provisions to maintain the system for the duration of the loan term
- Applicants must certify that they have site control, either as the owner of the property or with written permission from the owner
- 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

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- Competitive solicitation  
(4-6 per year)
- 10-year loan terms only
- New program segments for  
landfills/brownfields & 3<sup>rd</sup>-party  
residential aggregators (“res-  
aggregators”)
- No call option for any segment
- Interest rate = 11.179%
- Borrowers to fund program  
administrative costs



# PSE&G Solar Loan III Program – Available Capacity

- Program 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 |
| <b>Residential</b>  | 10.00%     | 9.75  | 0.30         | 0.50 | 0.85 | 0.90     | TBD       |
| <b>Residential -Aggregated</b>                                    | 10.00%     | 9.75  | 0.30         | 0.50 | 0.85 | 0.90     | TBD       |
| <b>Small Non-Residential</b> ( $\leq 150\text{kW}$ )              | 13.48%     | 13.14 | 2.63         | 1.31 | 1.31 | 0.88     | TBD       |
| <b>Large Non-Residential</b> ( $> 150\text{kW} \leq 2\text{MW}$ ) | 61.39%     | 59.86 | 11.97        | 5.99 | 5.99 | 3.99     | TBD       |
| <b>Landfill-Brownfield</b>  | 5.13%      | 5.00  | 5.00         | 0.00 | 0.00 | 0.00     | TBD       |
| <b>Total</b>  |            | 97.50 | 20.20        | 8.30 | 9.00 | 6.67     | TBD       |

# Solar Loan III Program – Solicitation Process

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- 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

# 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 – Res-Aggregated Segment

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- Res-aggregated parties will be treated as non-residential applicants under the Solar Loan III Program
- Res-aggregated parties will need to provide technical information and a SREC floor bid price for each host project system
- Selected bids will be combined and the res-aggregator will be assigned the combined capacity with a weighted average SREC floor price to the nearest \$5.00 increment
- Once applications have been accepted, *substitute projects will not be accepted*
- Project hosts 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

# PSE&G Solar Loan III Program – Applicant Credit Review

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- Once a project has been conditionally accepted into the program, PSE&G will evaluate the applicant from a credit perspective
- PSE&G will review financial documentation submitted during the solicitation process, including the most recent 3 years of financial statements
- All project hosts must be in good standing with respect to payment of PSE&G energy bills
- 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
- If credit enhancements are determined to be necessary, the applicant may be required to provide a guaranty from a third party or other security which is acceptable to PSE&G
- PSE&G will maintain the right, but not the obligation, to enter into forbearance agreements under commercially reasonable terms with program applicants

# PSE&G Solar Loan III Program – Applicant Milestones

- All res-aggregator projects must meet certain development milestones and be completed within six months of the PSE&G loan commitment letter
- All of the due dates within the below table are relative to the date on the commitment letter signed by PSE&G. As an example, the permit submittal grace period ends 75 calendar days after PSE&G issues the loan commitment letter, after which the project will incur a missed milestone fee deducted from the loan proceeds at closing.
- Projects that do not meet their development milestones before reaching the remedy period will be removed from the program.

| Milestone                                   | Due Date (Days) | Grace Period (Days) | Missed Milestone Fee (\$/kW) | Remedy Period (Days) |
|---|-----------------|---------------------|------------------------------|----------------------|
| <b>Commitment Letter Signed by Borrower</b> | 5               | 10                  | 25                           | 15                   |
| <b>File Permits</b>                         | 60              | 75                  | 25                           | 90                   |
| <b>Commence Construction</b>                | 90              | 105                 | 25                           | 120                  |

# PSE&G Solar Loan III Program – Program Fee Structure

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- **Application Fee** -- \$20/kW (*maximum of \$7,500 per application*); Non-refundable upon receipt of conditional bid award
- **Administration Fee** -- \$85/kW deducted from the loan proceeds at closing
- **SREC Processing Fee** -- \$10.18/SREC\* to offset the long-term cost of processing and managing SRECs generated by the solar generation facility; the fee will be billed at the time of the borrower's annual true-up and multiplied by the number of SRECs generated by the project over the previous year
- ***Participants should select a bid price that takes into account the new program fee structure***
- All fees have been incorporated into the loan calculators available on the PSE&G SLIII dedicated website

\* *Adjusted annually based on PSE&G program cost forecasts*

# PSE&G Solar Loan III Program – Meter Reading

- Each res-aggregator is required to install and own a meter that meets the then current standards as approved by the NJ Board of Public Utilities for each residential project for which the res-aggregator receives funding under the program
- Each res-aggregator must provide PSE&G with SREC generation data on a monthly basis along with read-only access to the data for validation upon request
- Res-aggregators are responsible for ensuring the *accuracy and availability* of all data



# PSE&G Solar Loan III Program – Additional Information

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- 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>

