

James Dumas - Solar projects are "99% financing and 1% engineering"

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I can't take credit for the quote but I can certainly relate! First of all, let me be clear there is no disrespect intended to the professional and complex design, engineering, project management and installation work which makes a Solar Photovoltaic (PV) system successful. The fact of the matter is that the technology is time tested and works well, the technical part of solar development is proven and can be tailored to a customer's site. If there's an area of a solar project which typically needs more attention or "creative solutioning," it's the financing. Thus the quote above taken from a recent USA Today article (3/28/11) entitled "Solar canopy energizes Cincinnati Zoo" which describes an \$11 million solar project deployed in the parking lot of the zoo. Although outside of our geographic region, parallels can be drawn when it comes to putting all of the pieces of a project together.

The zoo was looking to expand its growing green profile and found a double use (read as an additional revenue stream) for its parking lot in the canopy solar design - much like property owners in New England are looking to leverage their unused roof or land assets into positive cash flow. The technology was the easy part, structuring the financing was a bit trickier, largely because they could not benefit from some of the incentive programs which available here in New England.

If you've been following this Green Buildings section, then you are probably aware Massachusetts created an industry leading incentive program which allows system owners to receive Solar Renewable Energy Certificates (SRECs) for generating clean energy via solar power. Those SRECs can then be sold to the electric suppliers in the state in order for them to meet state mandated goals. The program is attracting national attention and financing the project at the Cincinnati Zoo would have been easier with a program such as the one here in Massachusetts!

So how did they eventually fund the project? As you might suspect, it was a combination of financial instruments - federal New Market Tax Credits (more on NMTC's in future articles), federal energy tax credits (30% Investment Tax Credit/1603 Treasury Grant), sale of electricity, and selling Renewable Energy Certificates (RECs) - a young sibling of SRECs at a fraction of their value. New Market Tax Credits were ultimately the knight in shining armor making the deal work.

In MA we have SRECs and in some locations NMTC's - you do the math.

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