

5 COMMON MYTHS ABOUT



PROJECT FINANCING





Hi! I'm Angel Moreno, a senior project finance specialist at Noesis Energy. I get to interact with energy professionals like you everyday, trying to incorporate 3rd party financing into their efficiency project proposals. I work on the Noesis Financial Services team, an outsourced finance department for efficiency project developers looking to cut energy costs. As a part of this team I do everything from helping people get started with efficiency finance to developing proposals for efficiency projects and negotiating financing options with lenders to help customers get more projects funded and approved.

Efficiency Finance is a hot topic in the energy industry. Energy professionals from consultants to project developers are looking for ways to integrate financing into their work but have a hard time getting started. There are common myths & misconceptions about efficiency finance that add to the perception that it's too difficult to tackle.

Here, I debunk the 5 most common myths about efficiency project finance.

1. Finding the right financing vehicle is impossible!

1. My projects are too complex & unique.



C&I energy efficiency projects come in all shapes and sizes. This can make securing financing challenging because the process may look different for each of your energy projects. Many lenders specialize in particular financing vehicles and have specific requirements for financing a project. Many of the project developers we speak with want to know if there is an easier way to assess whether their projects are viable for financing and if so, **how** to select the right financing vehicle.

Finding financing is **not** impossible, but it does take specialized expertise & access to capital. At Noesis, we understand the complexity and unique nature of facilities and energy projects. That's why we offer all of the major efficiency financing vehicles. This gives us range and flexibility in finding the exact right option for each project we secure financing for. The main parameters that guide our ability to finance projects at Noesis are location and size. We can finance projects in the United States and Canada and we work with projects from as little as \$10K to as big as \$3MM.



2. There is no way to know if my project can get financing before I conduct a full energy audit.



Spending long hours on energy audits without a general idea of project financing is frustrating and leads to stalled projects. We developed the **Lease Finance Estimator** to help give project developers early insight into project financials even before they step onsite. The Finance Estimator is a handy tool for evaluating future projects or persuading a customer to finance a current one. Our customers use the Estimator to create financing snapshots in client presentations.

I help teach our customers how to customize estimates so they are tailored to their efficiency project proposals. I work with them to understand the application of the estimates in their current business processes. We work together to tailor the use of the Estimator to include variables such as incentives and rebates to make the estimates as relevant to their businesses as possible. And if a lease isn't going to work for a customer's project, I can work with our lenders to find alternative financing options.



3. I need an MBA in finance to discuss financing options with my CFO.

Presenting financing options to financial decision makers can often be confusing and challenging for energy professionals whose expertise is in energy and engineering. I'm here on behalf of our customers to explain everything finance-related in their project proposals, including lease terms, cash flows, return on investment, etc. Having a Noesis finance specialist present during the proposal to explain the financing contract alleviates stress and helps our customers avoid looking unprepared when asked a specific finance question. We are there every step of the way, from presenting options to the CFO to walking the application to the lender and making sure the funds get transferred.



4. Securing 3rd party financing requires a secondary energy audit.

A common question we get is whether financiers require an additional energy audit for financing. The short answer is no. Lenders want to know that analysis and savings projections were developed using industry standards to get the highest accuracy as possible.

At Noesis, our financing team uses our Pro tools to analyze project savings, identify ROI and project payback, and identify and to help spot abnormalities in savings projections, helping us catch issues before the financing process has begun. In addition to being project financing experts, we're also experienced energy professionals. The specialists on our team team carry top industry credentials, such as CEM, CMVP & LEED. We understand the complexity of each project and the actors involved in getting it approved. Above all, we provide the critical bridge between project development and project financing.



5. Any project that gets financed requires 3rd party M&V.



After putting in the time and effort into developing and pitching an efficiency project, it can be a little unclear what the next steps are once the project has been approved. In cases where payments are based on savings or there's a performance guarantee, it's the lender's responsibility to arrange the M&V after project installation.

For projects that don't require M&V, Noesis will assist in locating the financing, however, it is the project developer's job to track and measure savings, provide upkeep on the project, and do post project M&V. Our Noesis Pro tools, allow project developers to perform standards-based M&V on all of their efficiency projects.



Have questions? Want to learn more?

Contact us! finance@noesis.com