(Name of School District)
Subsidy Financing for Multi Campus Solar Program

THE OPPORTUNITY:

- Moving quickly, the District can capture just-announced subsidized funding that would pay 100% of the cost to procure a district-wide solar generation project with zero out-of-pocket cost.
- This funding source is called "Clean Renewable Energy Bonds" or "CREBs" (see further description below). CREBs would allow the District to achieve a lower cost of energy than could be contracted for under a power purchase agreement (PPA). With CREBs the school would own the system and contract with its chosen solar vendor to operate and maintain the system… and to guarantee the system's performance
- Securing an allocation of CREBs requires an application to the IRS, who will make awards on a "first come-first served" basis. The first application window is open from March 5 to June 3 with approximately $600 million available to schools (and other local governments) nationally.
- The maximum awards could initially be up to $40 million per applicant… but those maximums will ratchet down as the $600 million balance of CREBs are doled out. This CREB funding is expected to be fully allocated within 2 application cycles...with the majority being depleted in the first round (June 3rd)
- An advantage with Solar technology is that the project scope and estimated cost can be defined very quickly… providing sufficient detail to complete the IRS application (and make a preliminary school board presentation)… all within a few weeks.
- There is no cost to apply…and no penalty if the CREBs are not used by the District. The awarded balance would simply revert to the Feds after 6 months.

ECONOMICS: SELF FUNDING SOLAR + SUBSTANTIAL GENERAL FUND SAVINGS

- The District would proceed only if it was clear that the proposed solar project would be "self funding", which means the value of solar energy generated would be sufficient to (1) repay the CREBs (at an net interest cost of around 1.0% over 17 to 20 years); **AND** (2) create general fund savings -- every year, beginning in Year 1.
- The general fund pays the electric utility bills at each school campus. When a school has solar, it generates its own kilowatt-hours (kWh) of energy. The solar kWh generated offset kWh the District would otherwise purchase from its utility.
- The attached shows the economics of a recently constructed multi-campus solar project for Antioch Unified School District (east SF bay area).
- This example project used roof, carport and shade structures and was financed 100% through federal subsidy bonds. The fixed 30-year cost of solar energy is 14 cents/ kWh versus 32 cents/kWh if purchased from PG&E over the next 30 years.

Economic' Benefito f'Solar'

Antioch USD 5.2 MW Solar Project'

Total PG&E Electric Bill Savings - - - - - - - - > • 30 Yr Cost of PG&E Power (1) = 32 cents/kWh • 30 Yr Cost of Solar Power (2) = 14 cents/kWh	$77,980,000
Plus: Solar Rebates from PG&E - - - - - - - - - >	$ 3,649,000
Less: *Total Cost to* Repay QZABs plus All Ongoing Operating Expenses (3)	($34,803,000)
TOTAL BENEFIT TO GENERAL FUND	$ 46,826,000

(1) Assumes PG&E Current Avoided Cost of 20.5 cents/kWh escalate at 3.0% per year
(2) "Expected Case" solar generation = 241,184,000 kWh solar kWh generated over 30 years
(3) 17-year term at net interest cost of 1.16%

OVERVIEW OF CREBs

- CREBs were created as part of the Energy Policy act of 2005, CREBs are a "tax credit bond" in which interest is paid (in part) by the Federal government - originally in the form of a "tax credit" (to the CREB purchaser or lender).
- In 2008, $2.4 billion of "New CREBs" were created with $800 million made available to each of three groups: (1) public power, (2) electric coops, and (3) local governments. New CREBs allowed the issuer to elect a "direct payment" form of subsidy, whereby the Fed pays the subsidy to the issuer in cash at each debt service date. This option is far more efficient in maximizing the subsidy's value.
- **Three weeks ago,** the IRS announced its new process for reallocating the remaining New CREBs providing $597 million for schools and local governments.