

Last time on **Direct Finance 101**, we dove into direct finance solutions for your for-profit customers. Now we'd like to unpack the direct finance solution for your **not-for-profit** customers.

You may think that a non-profit is much harder to finance, but on the Open Energy Finance Exchange we have four products that work for not-for-profit entities: **C-PACE, Power Purchase Agreements (PPAs), Energy Service Agreements (ESAs), and prepaid / deposit leases.**

 Direct Financing **Product Details**

	Operating Lease	Capital Lease	Direct Loan	C-PACE	Power Purchase Agreement	Energy Services Agreement	Deposit / Prepaid Lease
Deal Size	\$500k+	\$50k+	\$100k+	\$100k+	\$50k+	\$50k+	\$50k+
Terms	5-15 years	4-10 years	10-20 years	20+ years	10-30 years	6-20 years	6 years
Buyout	Fair Market Value	\$1	None (ITC paydown required)	None	Fair Market Value or None	Fair Market Value	None (up to 85% upfront payment)
Eligibility							
For-Profit	✓	✓	✓	✓	✓	✓	✓
Non-Profit				✓	✓	✓	✓
Keeps Tax Benefits		✓	✓	✓			
Ownership	Lessee owns at end of term	Lessee owns	Borrower owns	Borrower owns	Option for Offtaker to own at the end of term	Offtaker owns at the end of term	Offtaker owns at the end of term

The Deposit / Prepaid lease essentially makes it possible for a non-profit (or a for-profit) to purchase the system at a discount—typically at about 85% of total cost. At the end of an approximately 6 year term, the energy user then owns the system.

PPAs and **Energy Service Agreements** are also potential options for non-profits. Under a **PPA**, monthly payments are calculated based on a rate and system production, but monthly **ESA** payments will be determined upfront and follow a fixed, equal payment schedule. The energy user won't own the system immediately but can often purchase the system later in the term in order to gain ownership.

C-PACE (commercial property assessed clean energy) can provide up to 100% financing for solar and other energy efficiency upgrades for some non-profits. Under CPACE, building owners make repayments via an assessment on their property tax bill. While non-profits typically don't pay property taxes, CPACE could still be an option depending on the non-profit and the project.

One question we hear often is if a non-profit is eligible for an operating lease. Unfortunately, **operating leases** are not an option because the lender cannot monetize tax benefits if the entity using the solar is not taxable.

To get started securing financing for your customer's solar or energy efficiency project, register and begin an application on **Open Energy Group's application portal** or give us a call at **917-410-7282**.

Have a topic you'd love for OEG to cover in Direct Finance 101? Tell us about it by emailing **info@openenergygroup.com**.