

# ConSOLcio

**A consortium for the sun**

A platform that makes it easier  
for communities to co-develop  
and finance solar projects



# Theory of Change

Project support scaffolding, provided by trusted, mission-based organizations working in partnership with each other and communities, would enable communities to achieve resilient energy goals and exercise control over their energy future without needing to become experts in energy project finance, development, or operations.



## Statement of Purpose

ConSDLCio is an alliance that will provide scaffolding to support the development, financing and operations for community accountable projects that promote energy independence across Puerto Rico utilizing a cooperative model.

# Our Consortium



## Perkins Coie LLC and Nelson Mullins LLC

Pro-Bono legal assistance

## Association of Cooperative Executives

Representing 80+ financial cooperatives in Puerto Rico

**Mission oriented organizations  
committed to community accountable  
solar + storage projects (target is to  
recruit 4)**

**Consultants from UNH Carsey School of Public  
Policy**

# A strategic planning process to achieve...

## Objectives:

#1 → Create a business plan

1a. Determine core competencies

1b. Determine finance structures

1c. Create outreach plan

#2 → Develop proposal for PRERF

# From Thought Leadership to Action Leadership



# El ConSOLcio

A platform that makes it easier for communities to develop and finance solar projects



Technical assistance and community workshops to help a community design and develop a project that meets its goals



Assistance in selecting an EPC (Engineering, Procurement and Construction) firm



Nonprofit ownership platform – holds projects on behalf of the community and leverages the ITC



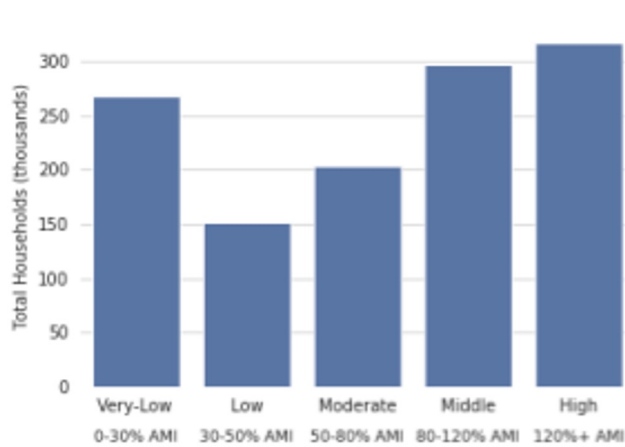
Financing Fund – blends capital from Cooperativas, government sources and foundations to provide below-market loans and gap financing to projects on top of the ITC



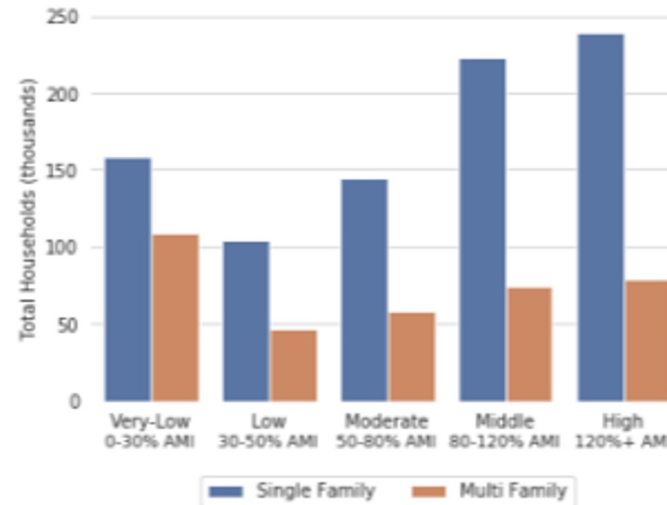
Operation, maintenance and subscription management services

# Why is this important?

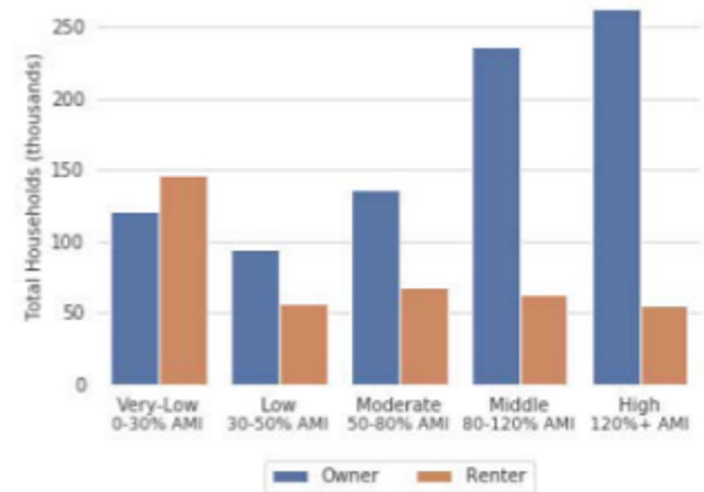
Underserved Markets and communities in Puerto Rico income disparity and geographical challenges (last mile)



HH by Income



HH by Income by Building Type



HH by Income by Tenure



# The Opportunity...

## What is the Clean Energy Investment Tax Credit?

- Formally known as Section 48 Renewable Energy Investment Tax Credits (ITC)
- The Inflation Reduction Act extended the renewable energy ITC through 2035
- For community-scale projects (< 1 MW) this tax credit can pay for 30% of the costs of a solar project
- Many projects in Puerto Rico could qualify for “adders” that will provide an even bigger tax credit – often 50% of the project and sometimes even more!

# What kinds of projects could qualify for this tax credit?

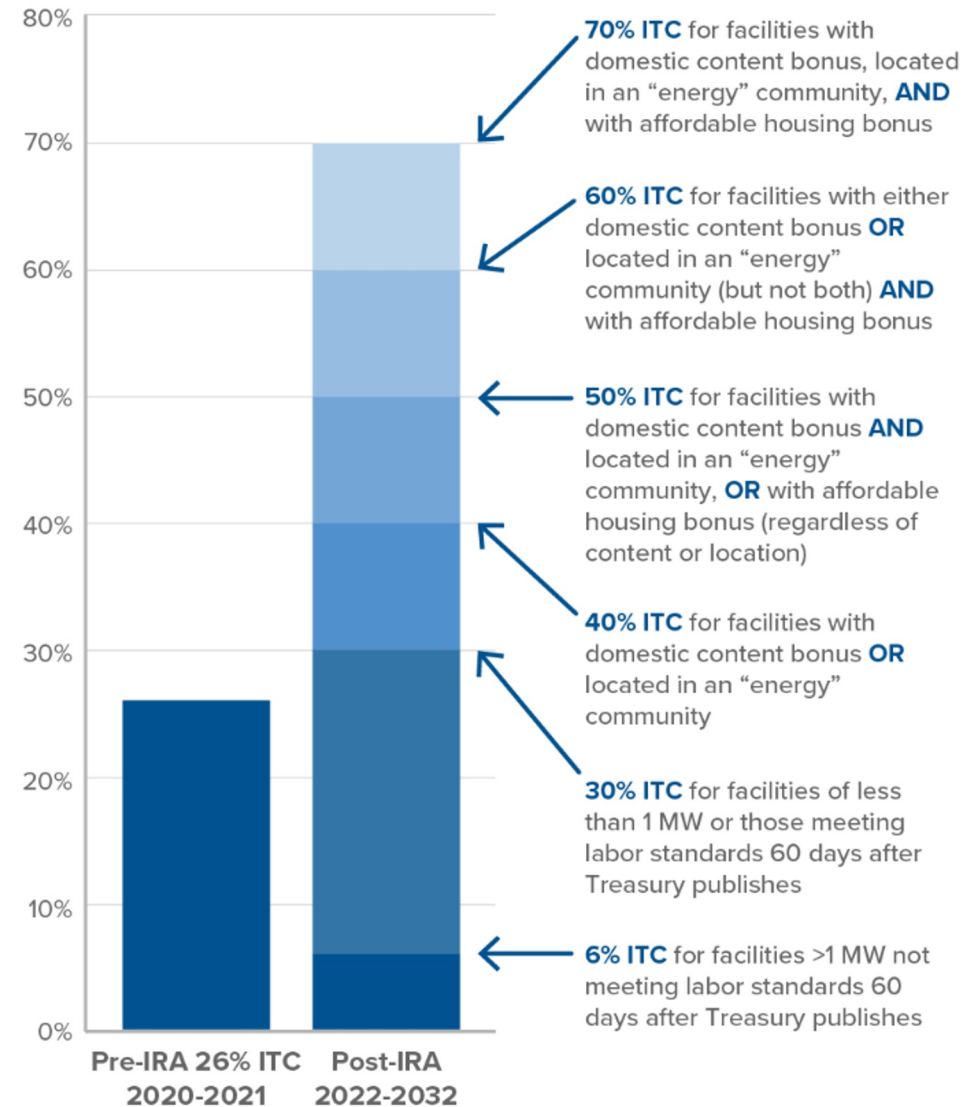
- Microgrids
- Community resilience hubs
- Community solar projects – allows properties that can't support solar directly to participate
- Rooftop solar leasing programs for homeowners
- Small business and light industry power savings and resiliency
- Local government facilities



# Community-scale projects start with a 30% ITC - but wait, there's more

- Tax credits may be further boosted with bonus “adders”:
  - 20% for projects serving affordable housing or where the majority of off-takers are low-income
  - 10% for certain projects located in low-income communities
  - 10% for projects located in “energy communities” with a historical dependence on the fossil fuel economy, or located in a brownfield
  - 10% for projects with domestic content (eg US made solar panels)
- A few lucky projects could therefore get a tax credit for as much as 70% of the project cost
- NB: the low-income adders are available for the next two years (3.6 GW total capacity)

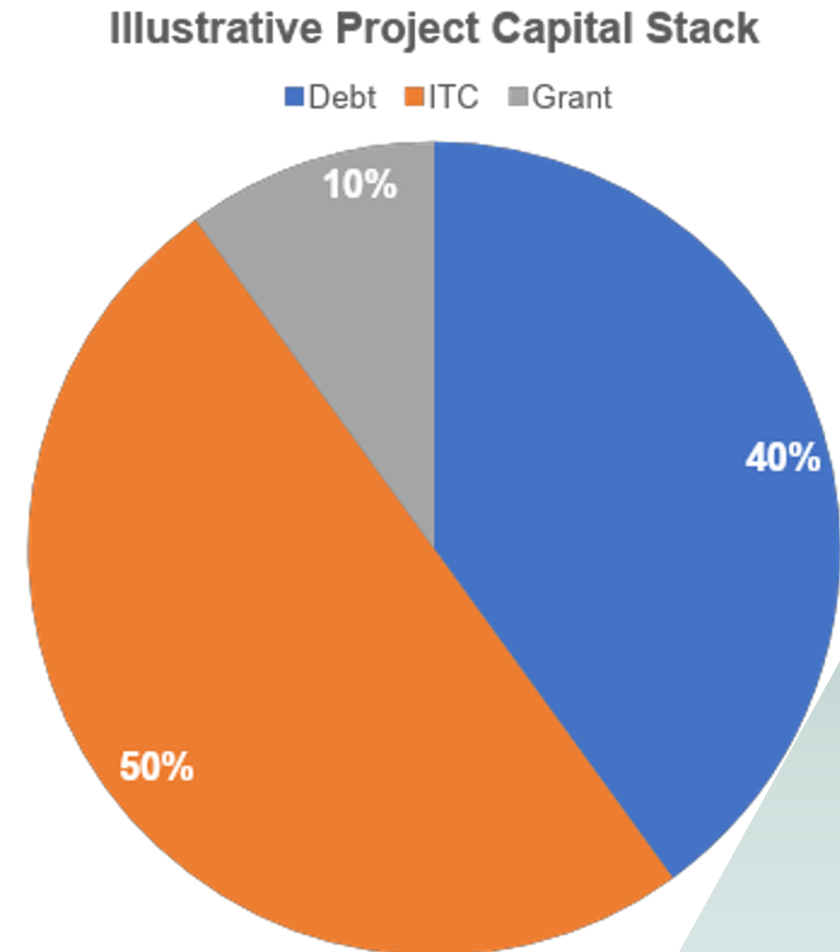
## Inflation Reduction Act: Renewable Energy ITC Including Stackable Bonuses



Source: Novogradac

# By using tax credits and debt to help finance projects, we can help more people with the same amount of grant dollars

- Tax credits reduce the amount of debt and grants a project has to source
- Our illustrative project is a solar project serving a low-income apartment building.
  - It gets a 20% low-income ITC adder, for a total tax credit of 50%.
  - Assume that the value of the electricity produced is enough to cover a loan for 40% of the project costs.
  - Grant funds of 10% of project costs are needed to fill the gap and make the project work.
- For \$1 of grant provided, \$10 of solar projects are financed.
- This is a highly replicable strategy, as both loans and tax credits are standardized



# The Fund Structure

Develop a Fund structure for the administration of PR-ERF and leverage funds that would be collaboratively managed by ConSOLcio partners and governed by a combination of the partners with representation from the communities we seek to serve, vulnerable and low-to-moderate income communities.



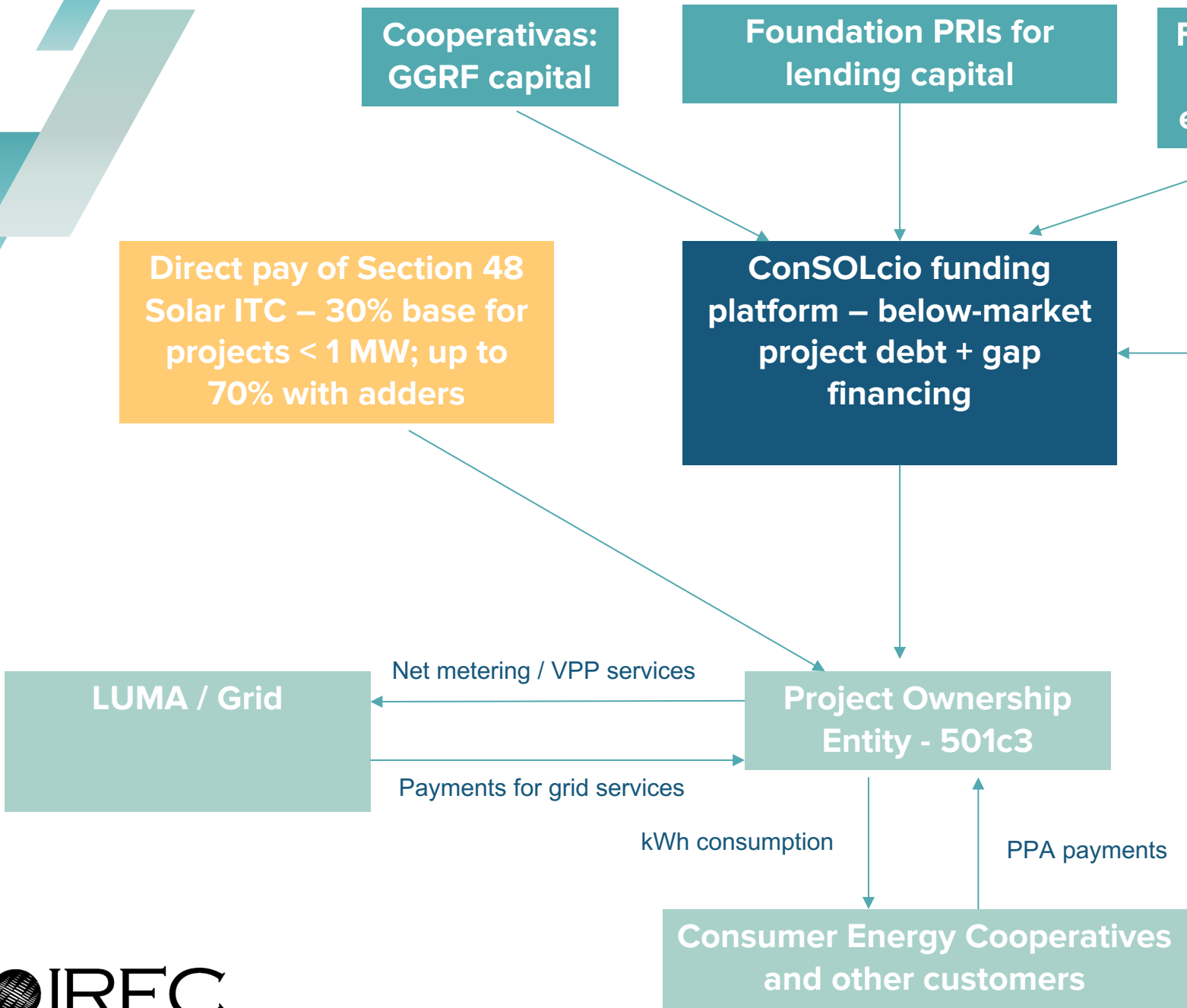
# Our Goal

Create a funding mechanism for community projects in Puerto Rico that meets all 3 of these criteria:

| Criteria   | Why it matters   |
|--|--|
| Must leverage the solar ITC & look at PTC              | Don't leave free money on the table! Finance more projects to help more people.  |
| Can take in debt from Cooperativas de Ahorro y Crédito | Build wealth in Puerto Rico; utilize below-market Greenhouse Gas Reduction Fund (GGRF) capital and perhaps Program Related Investments (PRIs)        |
| Be trustworthy for community stakeholders              | Ensure that each project is dedicated to community goals. Create something families can understand and rely on when choosing to enroll in a project. |

# How can we get the money?

- The only way to get the ITC for a solar project in Puerto Rico is for the owner of the solar and renewable assets to be a US legal entity
- In the past, this US legal entity had to be a company controlled by private investors who had sufficient tax appetite
  - Led to complicated legal agreements and high transaction costs
  - Created issues of trust for some community-led projects
  - That said, is still an option, in particular for larger projects
- Now, this US legal entity can be a nonprofit organization
- A nonprofit organization does not need to work with any third party investor. It gets a check directly from the US Treasury in the amount of the tax credit. It claims the credit by filing the IRS Form 990-T.



# Project Financing Flow Chart (DRAFT concept)