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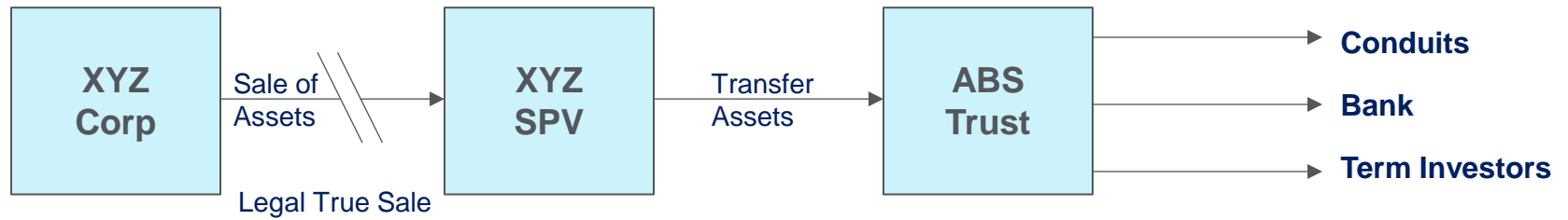
Securitization and Energy Efficiency

Steven Vierengel

Director, Citi Alternative Energy Finance

Securitization ABC's

- Legal Isolation of Assets



- Numerous criteria tests for “True Sale”
- Key tests involves:
 - No credit support from parent
 - Sole source of repayment of ABS is Assets from SPV
- Historical loan level performance data used to develop Base Case Loss Estimate for expected losses
- Base Case Losses stressed depending on rating (“BBB” at 2x)

How Do Rating Agencies Think

- Data...Data...Data
- New Asset Class
- New vs. Existing Ratings Criteria
- Unsecured risk / consumer behavior
- Granularity of performance data
- Credit strength of Originator and Servicer
- Default Risk vs. Operational Risk
- Asset performance volatility
- ABS experience of Issuers / Servicers
- Existing trades to assess expected vs. actual losses
- Depth of performance data equal to life of loans

Benefits of Securitization

- Cost of Capital
- Bank Lenders → Institutional Investors
- Scalability

Energy Efficiency Financing Solutions

PROPERTY TYPE / SECTOR

<i>PRODUCT/SOLUTION</i>	MUSH	S.F. Residential	Commercial	Corporate/Industrial
Large Single Project	Yes	N/A	Difficult	Yes
Pooled Asset Deal	Yes <i>Green Campus</i>	Yes <i>WHEEL / Others</i>	Difficult <i>HPET</i>	Yes <i>Hybrids</i>
ESCO/ESA/Two Factor Credit	Yes	N/A	Difficult	Yes <i>Citi London</i>
Sustainable Energy Utility (SEU)	Yes <i>Delaware</i>	N/A	N/A	N/A
PACE	N/A	Yes - On hold	Yes	Yes
On-Bill Repayment (OBR)	Yes	Yes	Yes	Yes
Microfinance w/Carbon Credit	N/A	Yes <i>Mongolia</i>	Yes	N/A

OBR – Potential Game Changer

- Convert Loan Level Data to Utility Commodity Charge Receivable Performance Data
- Pari Passu
- Disclosure / Due Diligence with IOU's
- IOU Contract Roll-up
 - Via Master Servicer
- Broadly Definition for Eligible Contracts
 - Loans & Leases
 - PPA's
 - ESA's
 - Other

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efficiency, renewable energy and mitigation