

Case Study: PowerOptions®

Challenge – Enabling Solar Power for Towns and Non-profits

PowerOptions® is the leading energy buying consortium in Massachusetts. It consolidates the gas and electricity energy buying power of over 500 Massachusetts nonprofits, state and municipal facilities, and is one of the largest consortiums of its kind. In recent years, PowerOptions members have recognized the value of on-site solar power in reducing their utility bills and thereby freeing up scarce operating capital needed for their primary missions. Yet, the members have been constrained from installing their own systems due to their inability to use related federal and state tax incentives, and lacked the time and resources to evaluate proposals from third party developers. They asked PowerOptions to devise an aggregated purchasing program to enable the members to adopt solar solutions.

PowerOptions are experts in group purchases of natural gas and electricity. From this, they knew that long-term power purchase agreements (a “PPA”) with third party developers made the most sense, and PowerOptions has the virtually unique ability to satisfy the state’s strict procurement requirements on behalf of its members. PowerOptions solicited proposals from developers interested in helping PowerOptions implement its solar program. PowerOptions knew the importance of financing in enabling projects to move forward, and that the non-tax paying status and varying credit profiles of their membership present special challenges. They wanted help to vet potential partners for their financing capabilities, and to refine the partnership approach. Seeking a recognized industry expert, PowerOptions engaged Birch Tree Capital.

Approach

Birch Tree Capital applied its knowledge of renewable power project financing to help PowerOptions evaluate the several detailed proposals submitted. Birch Tree Capital joined with PowerOptions’ other advisors to interview leading candidates, vet their plans and approaches, and pre-negotiate the terms and conditions as well as pricing for the program.

Solution

With help from Birch Tree Capital, PowerOptions ultimately selected SunEdison as its solar partner. SunEdison will build solar PV systems on the rooftops and/or land of PowerOptions members with no upfront cost, thereby saving PowerOptions members the cost and ensuring best in class solar installations. With assistance from Birch Tree Capital, PowerOptions established an innovative way for towns, universities, and other non-profits previously limited in their ability to participate in the clean power sector to acquire high-quality solar power systems. Birch Tree Capital helped PowerOptions to leverage the buying power of its membership base to negotiate best in class services and pricing for solar energy services for its non-profit members with a leading solar developer.