

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 nearly 500 Massachusetts nonprofits, state and municipal facilities, and is one of the largest consortiums of its kind. In 2011, PowerOptions members 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 were not able to install their own systems due to their inability to use related federal tax incentives, and lacked the time and resources to evaluate proposals from third party developers. They asked PowerOptions for help.

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 set up an aggregated program to enable members to adopt solar solutions. They solicited proposals from experienced solar project developers. 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 in reviewing potential partners, and refining the partnership. PowerOptions asked Birch Tree Capital for help.

Approach

Birch Tree Capital has applied its knowledge of renewable power project financing structures, federal and state incentives, and experience in closing financing to help PowerOptions design the vendor selection process and review vendor proposals. Birch Tree Capital has helped to interview leading candidates, vet their financing strategies, and pre-negotiate the terms and conditions as well as pricing for the program.

Solution

With help from Birch Tree Capital, PowerOptions has chosen leading solar vendors as solar partners. The vendors are building solar PV systems benefiting PowerOptions members with no upfront cost, thereby saving PowerOptions members the cost and ensuring best in class solar installations. PowerOptions established an innovative way for towns, universities, and other non-profits to acquire high-quality solar power systems. Birch Tree Capital helped PowerOptions leverage the buying power of its membership base to negotiate best in class services and pricing for solar energy services for its members. To date, over 70MW of solar projects have been contracted with PowerOptions members.