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OCICE Greening Committee

**Report for OCICE: Collective Sun’s Solar Installation Program**

This is the second of what will be four online webinars by financing companies that specialize in financing solar installations for houses of worship. Interfaith Power and Light (IPL) is facilitating these webinars. The advantage of using financing companies by houses of worship is that financing companies can claim tax credits and pass on some of this savings to the house of worship that installs solar panels (or possibility other energy saving installations).

The previous webinar was presented by TCC financing company, which is located in San Jose. TCC partners with SunPower and Baker Electric (located in Escondido), which manufactures the solar panels and does the installation, respectively. TCC provide a lease-to-own arrangement for solar installations on houses of worship. See the previous report on TCC for more information on this.

This webinar was presented by Collective Sun, which is located in San Diego. The main difference between TCC’s program and Collective Sun’s program is that the Collective Sun program is based on an investor-owned system.

First, I will provide a brief overview of the financing options that have been presented so far in this series of webinar. Then I will dedicate the rest of the document to the particulars of Collective Sun option.

***Overview of financing options for solar and other energy installations:***

* *If money is already available, and no financing is needed:* The house of worship can enter a pre-paid financing agreement (PPA). Collective Sun (or other financing companies) can assist the house of worship with this. By working with financing companies, even if the upfront money is already available, Collective Sun thinks that the house of worship can reduce their cost. The reason for this is that the house of worship cannot receive tax credits, but the financing company can. The financing company can pass on some of these savings to the house of worship
* *If financing is needed, two options exist:*
  + The house of worship works with a bank to get the financing. Collective Sun feels that this will result in higher interest rates. In this case, the house of worship will be responsible for the operation and maintenance of the solar installation.
  + The house of worship works with a financing company which means that the house of worship can benefit, at least partially, from tax breaks that might exist. In addition, in many cases, the financing company will run the operation and maintenance of the solar installation, at least in the initial stage (which could be 10+years). **Note:** If you enter into an investor-owned arrangement with the Collective Sun financing company, they will run your investors campaign (see below for more information).

***Collective Sun’s Investor-owned program:***

* The idea of this program is that various individual put money into a fund that will be used to pay for some upfront costs of the solar installation. However, these individuals will be investors more than donors because they will receive a return on the money that they put into the fund.
* Collective Sun sees the investor-owned program as having the advantage of making this a community event in which member feel a sense of ownership is the project and, therefore, more involved in the activities of the house of worship. In addition, member that might not have contributed financially before now become financial contributors.
* Investors are encouraged to reinvests their dividends, but that would be the investors’ choice.
* The investors can be many or just a few. And they can invest as little as $25 or a sustainably larger amount.
* In addition, investors can be strictly member of the house of worship or, if desired, other interested parties could invest.

***More details on how the Collective Sun Program works:***

* Collective Sun will contribute the first 30% of the project costs.  The remaining 70% will be open to the community to invest through the project page portal on Collective Sun‘s website.
* Collective Sun makes it money in three ways:
  1. charging the solar panel installer a 3% fee,
  2. charging the investors of the house of worship a fee (The fee charged to investors is 0.2%.  This means that if the interest rate of the note was 5.0%, the "net" APR to the investor would be 4.8%.),
  3. offering the house of worship a buyout option after 15 years.
* Collective Sun provides maintenance, operation, insurance, and administration (which includes bookkeeping that Collective Sun will provide), at least until/unless the house of worship exercises the buyout option. Whether or not Collective Sun would continue to provide these services past the 15 year mark if the buyout option was not exercised would need to be clarified.

***Services that Collective Sun provides:*** In addition to providing the administration/bookkeeping, maintenance, and operation for the project, Collective Sun will run the marketing campaign that will encourage investor participation. This means that Collective Sun will provide:

* Communications
* Campaign Page
* PR
* Collateral
* Mass Email
* Social Media
* Metrics

The house of worship will help with managing the community. Note: Collective Sun’s Marketing Manager, Ian Campbell would handle this part of the project ([icampbell@collectivesun.com](mailto:icampbell@collectivesun.com) or 858-429-5869).

***Other options with the Collective Sun Program:***

* The house of worship can choose which solar vendor they prefer to work with. In some other financing arrangements (such as the TCC option), this is not an option. If desired, Collective Sun will provide a list of suggested solar installation vendors.
* With the house of worship choosing its own solar installer, the house of worship is given more leverage and room to negotiate with the solar vendor.
* In addition, under this arrangement, the house of worship has the option to put requirements on the solar vendor that are in line with the house of worship’s beliefs. For example, the house of worship could require that interns are used during the installation so that job training is received or that local labor is used.

***Additional information on the Collective Sun Program:***

* Don’t over install for your needs. It is better to under install and add on more later.
* To make it worthwhile for Collective Sun, the overall cost of the project would most likely need to be $50K+.
* Since investor money is put upfront, Collective Sun does not look at the organization’s financial statements like banks or other financial institutions would.
* If the possibility of selling power back to the grid exists, Collective Sun will work with the house of worship on this.
* Collective Sun Operations Manager is Matt Brennan (619-838-7363 or mbrennan@collectivesun.com).

***If you want to proceed with the Collective Sun option your house of worship, here are the steps to take:***

1. If desired, get references from Collective Sun on other houses of worship that they have worked with. (Lee Barken, Collective Sun CEO, 619-723-4583, lbarken@collectivesun.com)
2. Get recommendations and costs from a solar panel installer. If desired, Collective Sun can make vendor suggestions.
3. Submit the information to Collective Sun.
4. Come to an agreement with Collective Sun, and then sign the agreement.

**CollectiveSun Option for Solar Installations on Houses of Worship:**

based on investor funding (crowd funding)—most likely the investments will be from various members of a faith community—minimum investment possible is $25—maximum by one person has no limit—can be one investor or thousands

ABC News in San Diego:

San Diegans invest for a good cause – Video (2 minutes)

<http://www.youtube.com/watch?v=OFyz0dVnAeU>

CrowdFundBeat exclusive interview with solar crowdfunder Lee Barken of Collective Sun – Video Interview (16 minutes)

<http://crowdfundbeat.com/crowdfundbeat-exclusive-interview-with-solar-crowdfunder-lee-barken-of-collective-sun/>

If you'd like to review the IPL CollectiveSun webinar, a web archive is available here: <http://youtu.be/wHBKoWJNdjU>