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The impact**DEALS** Forum

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Forum Summary Model Transactions in Energy

WITH COLLABORATION FROM



**The impactDEALS Forum
 Impact Investing in Energy**

The impactDEALS Forum, co-hosted by i2 Capital (“i2”) and the Aspen Institute, brings together impact investors from the private, institutional, philanthropic and government sectors to discuss investment strategies through the lens of model transactions. The Forum focused on four key domestic impact investment market sectors: education, health, conservation and energy. This summary report provides a high level review of the discussion, and sets forth key opportunities and challenges for impact investing in the conservation field.

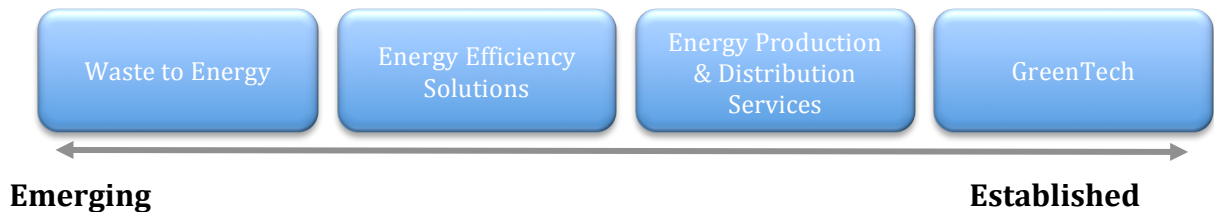
Definition of Impact Investing

i2 defines impact investing as an investment approach that intentionally seeks to create financial return and positive social or environmental impact that meet clearly defined standards of measurability and accountability. Impact investing extends beyond socially responsible investing (“SRI”), which involves negatives screens for environmental, social and governance considerations. These definitions mirror definitions set forth by the World Economic Forum.

Impact Investing in the Energy Sector

The energy sector presents a range of opportunities for impact investment. Traditional green energy investors have largely supported investments in wind, solar and alternative fuel technologies, along with investment in large-scale production and distribution capacity. In many cases such investments have yielded extraordinary returns related to break-through technologies and business models (examples include Tesla and Solar City). However, these traditional technology and distribution related asset categories also have generated a significant number of major investment losses – related to higher costs, longer adoption cycles, and competition from entrenched political and economic interests. At i2 Capital, we believe an investment strategy that focuses outside of these traditional segments and invests in the finance and distribution of energy efficiency solutions and waste to energy solutions with limited exposure to technology risk hold significant potential for meaningful financial and environmental return in an often overlooked segment of the market.

SPECTRUM OF ENERGY INVESTMENTS



Market Opportunity

Improvements in energy efficiency and replacement across private, corporate and government infrastructure offers billions of dollars in near-term market opportunity and dramatic potential for environmental outcomes.

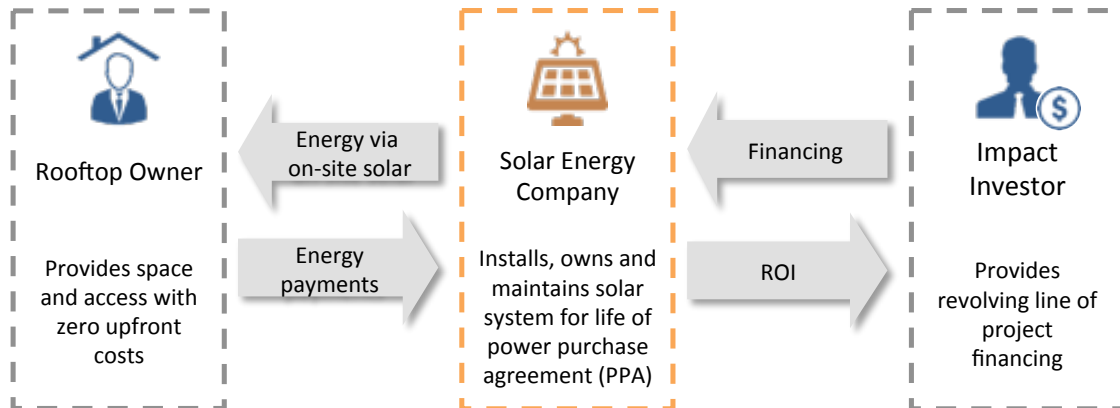
impactDEALS Model Presentations



Trifecta Energy, Presentation by Aldric Seguin, President. Trifecta Energy provides end to end energy solutions that deploy energy efficient technologies and generate significant energy savings for its commercial, government and organization customers. Trifecta has two key areas of business focus: (i) energy efficiency solutions that drive cost savings through changes in HVAC and lighting systems; and (ii) co-generation and renewable services and solutions that drive energy efficiency through holistic deployment and management of energy systems. The Company is well positioned to capitalize on a \$100 mn+ federal contract that provides for upgrade and management of energy systems across several key federal agencies. However, such sizable federal contracts often pose significant implementation challenges due to misalignment in federal contracting constructs and commercial financing approaches. Accordingly, Trifecta is presently considering developing a related finance company that would seek to align financing constructs with business realities in order to rapidly expand a series of major multi-million dollar project implementations.

Nextility, Presentation by Zachary Axelrod, CEO. Nextility is an energy platform company that delivers energy savings to small businesses. Nextility has two key offerings: (i) installation and maintenance of commercial-scale solar water heating and solar electricity (PV) systems that deliver guaranteed savings; and (ii) brokerage and procurement of power and natural gas supply powered by analytics software to get customers the lowest rates. The company is well positioned to capitalize on the underserved energy market of small business. Facilities with 5,000 to 50,000 square feet are often overlooked by traditional energy brokerages due to their small energy needs, but still often require custom sales, contracting, financing and construction work. Nextility’s solutions aim to provide effortless, transparent, low-risk offerings that allow small business owners to outsource energy decisions. Their solar solution allows small businesses to begin using clean energy without any up-front costs of ownership.

Solar Energy Financing Model



Key impactDEALS take-aways:

- **The energy financing market remains capacity constrained and inefficient.** Energy markets lack financing mechanisms that enable efficient, short time to completion transactions that meet the needs of suppliers and consumers. Long term financing constructs and high transaction costs make traditional financing mechanisms unsuitable for most small to medium energy efficiency projects. A significant opportunity exists for impact investors to fill this financing need with flexible project finance vehicles.
- **Government markets offer significant opportunity for energy efficiency.** While federal contracting constructs for energy efficiency continue to evolve, new mandates create substantial demand for solutions. A gap exists between demand and federal contracting practices, which provide shorter term contracts and traditional debt models. Impact investment has an opportunity to bridge this gap through new financing approaches.
- **Small businesses represent an underserved energy efficiency market.** Large corporations can afford to spend time and money considering energy needs and residential customers are largely served by existing providers. The small business facilities market represents a gap opportunity for energy efficiency gains and the financing required to bridge limited capital and long term energy savings.
- **The US significantly lags Europe in deployment of energy efficiency solutions.** Relative to other markets, Western Europe in particular, the U.S. presents significant opportunities for adoption of alternative energy and energy efficiency solutions.
While technology development will continue apace, new models for deploying existing efficiency solutions – already proven in Europe – will drive significant near term adoption and implementation, creating attractive investment opportunities.

Notable Energy Quotes

“The federal government has great demand for clean energy solutions. But federal government contracting practices do not align with energy efficiency finance solutions.” – Aldric Seguin, President, Trifecta Energy

“Small businesses have a hard time meeting investors and Investors have a hard time evaluating small businesses, anything that systematizes those relationships improves outcomes” – Elise Zoli, Partner, Goodwin Procter

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