



Office of the Mayor

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FOR IMMEDIATE RELEASE

October 23, 2007

Berkeley Breakthrough on Financing Solar Energy and Energy Efficiency

Berkeley initiative will eliminate the largest financial hurdles to widespread solar installation. Mayor to ask Council to approve concept of new financing system to pay for solar and energy efficiency costs on tax bills.

Berkeley, CA – Berkeley is set to become the first city in the nation to allow property owners to pay for energy efficiency improvements and solar system installation as a long-term assessment on their individual property tax bill. Mayor Tom Bates will ask the City Council to approve the framework for a “Sustainable Energy Financing District” at their November 6th Council meeting. The program could begin operating next year.

Installations of solar electric and solar thermal systems are cost effective for many residential and commercial property owners with the existing state and federal subsidies. The Berkeley Plan eliminates the two major financial hurdles to solar electric and solar water systems – the high upfront cost and the possibility that those costs will not be recovered when the property is sold.

“Nearly every expert we have worked with on this financing initiative believes it can fundamentally change the market for solar,” said **Berkeley Mayor Tom Bates**. “There are more than 400 solar installations in Berkeley today. With this program, I think we can install thousands of solar systems over the next decade and go a long way to meeting our greenhouse gas emission reduction targets.”

“Berkeley’s proposal is brilliant because it removes the number one roadblock to solar, the high up front costs. It also allows property owners to take advantage of the City’s ability to find the best rates,” said **UC Berkeley Professor Dan Kammen**, who directs the University’s Renewable and Appropriate Energy Laboratory and will be assisting the City in developing the program. “If Berkeley makes this work, I have no doubt it will be replicated all over the state and the nation.”

“Nearly every day we meet potential customers who think they can’t afford a solar energy system. With Berkeley’s financing plan in place, just about any home or business owner

who can afford to pay their utility bill every month should be able to go solar.” said **Gary Gerber, President of Sun Light & Power**, a solar installation company in Berkeley.

The Sustainable Energy Financing District is being developed as part of the City’s implementation of Measure G – last year’s ballot measure setting greenhouse gas reduction targets for Berkeley and directing the Mayor to lead the development of a plan to meet those targets. The first complete draft of the Climate Action Plan will to be released for public comment in mid-November.

The financing mechanism is loosely based on existing “underground utility districts” where the City serves as the financing agent for a neighborhood when they move utility poles and wires underground. In this case, individual property owners would contract directly with qualified private solar installers and contractors for energy efficiency and solar projects on their building. The City provides the funding for the project from a bond or loan fund that it repays through assessments on participating property owners’ tax bills for 20 years.

No property owner would pay an assessment unless they had work done on their property as part of the program. Those who choose to pay for solar and energy efficiency work through this program would pay only for the cost of their project, interest, and a small administrative fee.

The Financing District solves many of the financial hurdles facing property owners. First, there would be little upfront cost to the property owner. Second, the total cost of the solar system and energy improvements may be less when compared to financing through a traditional equity line or mortgage refinancing because the well-secured bond will provide lower interest rates than is commercially available. Third, the tax assessment is transferable between owners. Therefore, if you sell your property prior to the end of the 20-year repayment period, the next owner takes over the assessment as part of their property tax bill.

Property owners and their contractors would be required to agree to certain terms and conditions mandating energy efficiency steps, appropriate warranties, and other performance measures to take advantage of the financing.

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