Citi and Renew Financial Announce First Ever Energy Efficiency Loan Asset-Backed Security Transaction

The successful issuance represents the first securitization from the Warehouse for Energy Efficiency Loans (WHEEL)

The deal contributes to Citi’s goal to lend, invest and facilitate $100 billion within 10 years to finance activities that reduce the impacts of climate change

NEW YORK – Citi and Renew Financial today announced that they recently closed the first ever asset-backed security (ABS) transaction comprised of unsecured consumer energy efficiency loans.

The landmark transaction – in which Renew Financial and Citi issued $12.58 million in securities – creates a new asset class in the form of ABS backed by pools of residential energy efficiency loans. Citi and Renew Financial expect to execute additional transactions over the next several years, firmly establishing a secondary market for these loans to make more capital available for homeowners to fund energy efficiency improvements to their homes. Calvert Investment Management, Inc. purchased the entire issuance.

The deal represents the first securitization transaction from the Warehouse for Energy Efficiency Loans (WHEEL). Announced last year, WHEEL is an innovative public-private partnership to create a national financing platform to bring low-cost, large-scale capital to government and utility-sponsored residential energy efficiency loan programs.

WHEEL represents an innovative collaboration among national leaders in finance and energy, including Citi, Renew Financial, Pennsylvania Treasury, the National Association of State Energy Officials, Energy Programs Consortium and a growing number of states and utilities. Pennsylvania, Kentucky and the Greater Cincinnati Energy Alliance have all joined WHEEL, and numerous additional states are expected to join soon.

Through the program, homeowners can borrow up to $20,000 at very competitive rates to make a range of improvements to their homes, such as HVAC equipment, water heaters, roofing, insulation, windows and energy efficient appliances.

“Thanks to this timely partnership with Citi, millions of homeowners across the country will be able to make crucial energy efficiency improvements to their homes,” said Renew Financial CEO Cisco DeVries. “We are pleased to see this important partnership of leading finance and government agencies take root, as it will provide states and local jurisdictions financing to help homeowners reduce their energy use and utility bills.”
“Pennsylvania residents have realized real benefits through the loans provided by the innovative KeystoneHELP program,” Pennsylvania Governor Tom Wolf said. “We are excited to see WHEEL take this important step to ensure homeowners can take advantage of these vital programs.”

“The WHEEL partnership is a perfect example of public and private entities working together to help make a positive difference in people’s lives,” said Kentucky First Lady Jane Beshear. “I have been a longtime, outspoken supporter of improving energy efficiency in state government, schools and homes, and I am eager for Kentuckians to have the opportunity to utilize these affordable loans as a means to becoming less energy dependent.”

Pennsylvania Treasury Department Deputy Treasurer Keith Welks added: “This is a great example of government getting things right. Pennsylvania state agencies partnered with the private sector to change markets to make low-cost financing available for residential energy efficiency improvements.”

“The securitization of the first round of unsecured energy efficiency loans represents a major milestone for state energy programs,” said Energy Programs Consortium Executive Director Mark Wolfe. “We are well on our way to developing a national market for single family energy efficiency retrofits.”

“As a nonprofit economic development agency, one of our core focus areas is to bring innovative financing programs to Greater Cincinnati,” said Andy Holzhauser, Chief Executive Officer of the Greater Cincinnati Energy Alliance. “We are proud to be a WHEEL partner and look forward to continuing our work in providing homeowners with greater access to save money on utility bills and to provide contractors with more tools to grow their business.”

“Citi is proud of this historic transaction and of our longtime support for Renew Financial and the WHEEL program,” said Marshal Salant, Global Head of Alternative Energy Finance at Citi. “Through this partnership, the private sector is joining forces with state and local governments, the U.S. Department of Energy, and nonprofit organizations to establish a new asset class for institutional investors, and to expand the availability and improve the terms of financing for residential energy efficiency improvements for U.S. homeowners.”

Citi
Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management.

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Renew Financial
Renew Financial was founded in 2008 by Cisco DeVries, who brought together a multidisciplinary team of experts in finance, technology, operations and government policy to innovate the Property Assessed Clean Energy (PACE) financing model. The company specializes in affordable financing for renewable energy, energy efficiency and water conservation projects and is developing an array of financing products that will help move America toward a clean energy model.

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