



Solar Energy and Energy Efficiency

**PosiGen**

posigen.com




**ABOUT THIS PROJECT**

There are 31 million owner-occupied, single-family homes in low- to moderate-income communities in the U.S. To date, these communities have been left out of the rooftop solar market because of assumptions around credit quality, leading to a dearth of financing options and an industry focus on larger, custom systems. To solve the climate crisis and reduce dependence on fossil fuels, we must invite low-income homeowners and communities of color to join the energy transition. The market must open new pathways for participation. PosiGen has a solution; it offers standardized systems and approves new customers based on immediate and ongoing savings vs. credit scores. This model differs dramatically from the industry standard and is one that could be replicated in markets across the country.

**WHY WAS THIS NEEDED?**

**Challenge:** Low- to moderate-income households lack access to rooftop solar solutions as many providers lease systems based on credit scores and pursue models that favor wealthy clients. Meanwhile, the impacts of climate change are often felt more heavily in these communities, and as a society, we will not approach carbon neutrality without all communities playing a part.

**Solution:** PosiGen serves these communities with a financial model based on projected customer savings rather than credit scores or debt-to-income ratios. It also pairs free energy efficiency services with their installations, creating more comfortable homes, improving home values, and furthering financial and energy savings.

<p><b>IMPACTED LOCATION</b></p>  <p>Louisiana, Connecticut, and New Jersey</p>	<p><b>YEAR APPROVED</b></p> <p>2020</p>	<p><b>KRESGE PROGRAM</b></p> <p>Environment</p>	<p><b>GRANT SUPPORT</b></p> <p>N/A</p>
	<p><b>TYPE OF TRANSACTION</b></p> <p>PRI Loan</p>	<p><b>AMOUNT OF INVESTMENT</b></p> <p>\$5 million</p>	<p><b>TERM OF INVESTMENT</b></p> <p>8% interest and a 3-year term</p>



## ABOUT THE BORROWER

PosiGen, Inc. is the only entity offering a scaled rooftop-solar leasing option in communities of color and communities with low to moderate incomes (LMI). PosiGen was founded in New Orleans in 2011 to help homeowners with low incomes navigate the bureaucracy of Hurricane Katrina recovery programs. PosiGen focused on energy efficiency improvements and installation of rooftop-solar systems, which were free to customers through post-Katrina rebuilding programs. Since 2012, PosiGen has offered a solar leasing and energy efficiency upgrade product designed around net customer energy bill savings and focused on communities of color and LMI homeowners. PosiGen is currently active in three states (Louisiana, Connecticut and New Jersey) and has installed, and manages, over 16,000 systems. Of those systems, 75% are in LMI communities and 50% were leased by people of color. In addition, the average PosiGen customer has a FICO score of 644, and more than one-third of PosiGen customers have a FICO score below 600.

## IMPACT MEASURE

30,000 new systems expected to produce 6,872 kt of CO<sub>2</sub> reductions and \$200 million in savings over the system life.

## Key Considerations



### Joe Evans

Portfolio Director and  
Social Investment Officer  
Social Investment Practice

- » Essentially every solar-leasing provider targets the higher end of the market. This leaves BIPOC communities underserved in a modern version of redlining. PosiGen is the only company explicitly targeting these communities and it adjusted the traditional business model in ways that do not penalize people and communities for systemic racism's impact on credit scores and presumed credit quality.
- » PosiGen's workforce reflects the communities it seeks to serve; 42% of its employees are people of color, and every employee develops an annual professional growth plan. Nearly all managers are hired from within.
- » This investment included financial structuring flexibility to allow the team to either move forward with a convertible note or a term loan.
- » Within both options, there were multiple levers that could be used to incentivize and accelerate a Series D investment round of up to \$50,000,000.
- » By serving 30,000 homes through this financing, PosiGen will create more than \$200 million in aggregate system-life savings for those customers.
- » Without the Kresge bridge facility, PosiGen could lose momentum, and spend valuable energy and time working to conserve cash, the impact of which was sure to impede its ability to secure a Series D investment.