Solar for All (SFA)
Financing Products Introductory Webinar Q&A

FEBRUARY 2025

Thank you for your interest in IPC's Solar for All Program.

Below are preliminary answers to questions posed by audience members during Inclusive Prosperity Capital, Inc.'s (IPC's) February 13, 2025, Solar for All Financing Products Introductory Webinar. In some cases, the questions have been combined and edited for clarity and brevity. The questions are aggregated into the following categories: Program Funds, Program Requirements, Product Terms, Application Process, and Program Engagement and Resources.

You can watch the recording of the webinar by visiting the [IPC Solar for All Resources page] on our website.

To stay up to date on IPC's Solar for All program, you can subscribe to our contact list by registering on the [SFA resources] page.

Current as of February 27, 2025

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Program Funds

There is $187M available to be deployed vs. $249.3M for the overall program; what is the additional amount used for?

The U.S. Environmental Protection Agency (EPA) selected IPC and the Community Power Coalition to receive a $249.3 million Solar for All award for their "Powering America Together" program. EPA's guidance indicated that applicants should budget at least 75% of the awarded funds for Financial Assistance to solar projects. IPC and its Coalition partners assigned $187 million of their award for Financial Assistance. The remaining 25% of the award—$62.3 million—will be used for Technical Assistance, capacity building, workforce development programming, compliance, reporting, program administration, and related activities.

Does IPC have access to its Solar for All award funds?

IPC's Solar for All award funds have been obligated, and we are under a legally binding contract with the U.S. Environmental Protection Agency. Funding under this program is open and available to IPC and its Coalition partners. LIDACs and other partners across the United States are eagerly anticipating the delivery of our program. To that end, IPC is moving forward with program implementation.

Program Requirements

Does the minimum of 20% household savings apply to ALL residents or only to benefiting households in low-income and disadvantaged communities (LIDAC)?

CPC Lenders will require a 20% minimum household savings net of costs incurred by the LIDAC household over the period of performance for all projects funded under this Program, such that the estimated monthly cost of electricity (both community solar subscription + other utility bill costs) after subscription is at least 20% less than customer's monthly cost of electricity beforehand, on average per year. To advance this goal, CPC Lenders will review pro forma revenue assumptions in its underwriting that reflect at least a 20% discount on average annually to households benefiting from each project, and will review developer's calculations and subscription agreement or other documentation. CPC Lenders will adhere to IRS guidance on proper calculations of the "bill credit discount rate" in underwriting (26 CFR Part 1).

Typical community solar project subscriber households see 5-10% savings on their utility bills. Are SFA-funded solar projects required to increase the provided household savings to at least 20%?

Yes, a community solar project supported by Solar for All financing products must provide a minimum of 20% household savings to all LIDAC project beneficiaries. While projects are not required to exceed this 20% minimum savings threshold, IPC mandates that the savings must be calculated net of costs incurred by the LIDAC household over the performance period. This means that the estimated monthly cost of electricity (including both community solar subscription and other utility bill costs) after subscription should be, on average per year, at least 20% less than the customer's monthly cost of electricity prior to subscription.

Can your program support solar Power Purchase Agreement (PPA) project models that support low-income and disadvantaged communities?

Yes, we can provide financing for third-party owned solar projects that meet our eligibility and screening criteria.

If a roof replacement is a barrier to installing solar, is that considered an example of a "deeper" impact, and could the roof replacement be financed with the solar installation?

To qualify as an eligible upgrade, roof replacement must be necessary to deploy or maximize the benefits (such as financial savings or resiliency) of a multifamily residential rooftop or residential-serving community solar project.

Roof replacement will only be funded through the program in the absence of other funding sources and after exploring alternative strategies for financing this enabling upgrade. It will be supported only for rooftop multifamily residential-serving solar projects and rooftop community solar projects on those buildings where the funded project is located. Roof replacement would not be an eligible enabling upgrade for ground-mounted multifamily residential-serving solar projects and community solar projects.

IPC will review eligibility for roof replacement as an enabling upgrade on a case-by-case basis.

I wish to apply for my state Solar for All funding and would like to leverage those funds to obtain additional funds through your organization. Is that something I can do?

There may be opportunities to leverage IPC's technical assistance or financing products while receiving support from other Solar for All awardees, but outputs and outcomes may not be double counted. Solar for All-supported projects may also leverage other federal or local sources of funding, including solar investment tax credits, SRECs, LIHEAP, USDA, and similar funding, as well as private sources of capital, but we will avoid issuing financial assistance to projects that could be financed through other sources of funding.

Is IPC open to participating with others like private lenders or even another GGRF awardee to finance a project?

Yes, IPC welcomes co-investment as a strategy to increase the capacity of local lenders to underwrite LIDAC-serving multifamily and community solar projects, including lenders that utilize CCIA funding. IPC highly encourages solar developers to leverage other private sources of capital for projects, as well as federal and state sources of funding; Solar for All aims to complement and extend the private market. To that end, IPC aims to ensure that financial assistance from SFA will only go to projects unable to be fully financed through other sources of funding.

Will IPC's program be available for projects on Tribal land?

IPC's program does not target Tribal land, but we may be able to provide technical assistance to Tribal developers seeking financial assistance under other Solar for All programs.

There are other Solar For All awardees who are targeting Tribal communities, including the Washington State Department of Commerce, Bonneville Environmental Foundation (Idaho, Montana, and Wyoming), Tanana Chiefs Conference (Alaska), North Carolina Department of Environmental Quality, Minnesota Department of Commerce, Center for Rural Affairs (Nebraska), Executive Offices of the State of Arizona, Nevada Clean Energy Fund, Midwest Tribal Energy Resources Association (Minnesota, Wisconsin, and Michigan), Oweesta Corporation (Nationwide), Three Affiliated Tribes (The Mandan, Hidatsa and Arikara Nation) (North Dakota, South Dakota, Montana, Wyoming, and Wisconsin), and GRID Alternative (Western Indigenous Network Solar for All) (Arizona, Colorado, Nevada, New Mexico, and Utah). Please refer to EPA's list of Solar for All awardees to learn more about programs that serve projects on Tribal land.

Are there any thresholds, like projects under 1 MW, that are exempt from some of the sourcing and workforce requirements? Can you summarize BABA and DBRA requirements?

The Build America, Buy America Act (PL 117-58) or "BABA" requirements apply to public "infrastructure" projects which are funded by federal financial assistance and mandates use of iron, steel, manufactured products, and construction materials used in the projects are produced in the United States.

- "Infrastructure" is interpreted broadly. The following types of Solar for All projects are infrastructure for the purposes of BABA applicability:
- The public infrastructure portion of any property (e.g., retail in a mixed-use multi-family property) where the principal purpose of the Financial Assistance is to directly benefit such portion of the property;
- Privately-owned commercial buildings when they meet the "public function" test;
- Residential-serving community solar projects which EPA deems "structures, facilities, and equipment that generate, transport, and distribute energy" per 2 CFR 184.4(c).

The following types of Solar for All projects are not infrastructure for the purposes of BABA applicability:

- Single family homes;
- Privately-owned, non-mixed-use, multi-family housing properties;
- Privately-owned residential portions of mixed-use properties;
- Any privately-owned, behind-the-meter energy generation and storage project that does not otherwise meet the definition of infrastructure.

Absent other factors, the inclusion of the following types of funding, support, guarantee, or sponsorship in the funding stack of any Solar for All project does not trigger BABA, either individually or in combination:

- Low-Income Housing Tax Credit (LIHTC);
- Fannie Mae and Freddie Mac Backed Multifamily Mortgages;
- Federal Housing Administration Insured Multifamily Mortgages;
- HUD Section 8 Funding;
- Other Federal, State, Tribal, or Local Housing Assistance Funding Sources: in general, subsidies issued by federal, state, Tribal, or local housing assistance funding sources that do not confer equity or ownership stakes for the governmental funding source do not trigger BABA applicability.

The ultimate determination on BABA applicability for a particular project is always fact-specific. BABA applicability is assessed at the time of provision of financing based on the terms, limitations, and requirements of the financing product. Applicability does not change retroactively based on a change of use (e.g., if a ground floor apartment is re-zoned for a restaurant). Recipients may not temporarily modify or mischaracterize usage to intentionally avoid BABA compliance.

Please see the EPA's GGRF BABA FAQ for additional details.

Davis Bacon Act (40 U.S.C. 3141-3144.), the Copeland "Anti-Kickback" Act, and the Contract Work Hours and Safety Standards Act, together the Davis Bacon and Related Acts (DBRA) apply to federally assisted construction projects.

Note, however, that under Solar for All, DBRA requirements do not apply to any form of financing that meets any of the following criteria:

1. Financing which exclusively funds pre-construction (e.g. permitting or design work) or post-construction activities (e.g. subsidies for subscriptions to already constructed solar assets).
2. Financing which serves end-users who are individual homeowners or tenants of single-family homes or multifamily buildings when these individual end-users ultimately select the contractor(s) and execute the contract(s) for the construction work, as opposed to IPC or subrecipient or a contractor hired by IPC or subrecipient.
3. Financing which serves end-users who meet the definition of Federally Recognized Tribal Entities, as defined under the SFA assistance agreement, when these Federally Recognized Tribal Entities ultimately select the contractor(s) and execute the contract(s) for the construction work, as opposed to IPC, subrecipient, or a contractor hired by IPC or subrecipient.
4. Finaning which serves any end-user when such financing is less than $250,000 for a project and the end-user ultimately selects the contractor(s) and executes the contract(s) for the construction work, as opposed to IPC, subrecipient, or a contractor hired by IPC or subrecipient.

Please review EPA mandated contract provisions which will apply to financial assistance with DBRA requirements.

More information about BABA and DBRA compliance, including the Purpose, Time, and Place (PTP) test is provided in IPC's Program Guidance materials.

Do you expect challenges in meeting Build America, Buy America (BABA) requirements for solar panels?

There may be solar industry-wide challenges in meeting BABA requirements. We anticipate opportunities to partner with other organizations, including trade associations, to help financial assistance awardees navigate these challenges collectively. IPC is exploring these opportunities.

BABA waivers are available on agency-wide, program-wide, product-specific, and project-specific basis. The EPA has already issued several program-wide waivers, including a temporary BABA waiver based on non-availability for domestically assembled solar modules for infrastructure projects using SFA financing products awarded by IPC, as of January 10, 2025. The waiver applies to expenditures on solar panels made on or after January 10, 2025, until December 31, 2025, so long as those panels are installed by June 30, 2026. The EPA's full waiver can be found here.

The EPA may waive BABA requirements on a project-level where it finds that: (1) applying the domestic content procurement preference would be inconsistent with the public interest; (2) types of iron, steel, manufactured products, or construction materials are not produced in the United States in sufficient and reasonably available quantities or of satisfactory quality; or (3) the inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent. Waiver requests may take many months to process after submission to the EPA.

If you're doing an Interconnection loan, how do Davis Bacon and Related Acts (DBRA) and Build America, Buy America (BABA) come into play, as projects may not have started engineering, procurement, and construction yet? How about for a permanent loan (post-construction)?

Under Section 314 of the Clean Air Act, DBRA applies to federally assisted construction projects. The Solar for All terms and conditions state, "Davis-Bacon and Related Act requirements apply to forms of Financial Assistance that directly fund and are directly linked to specific construction projects that were not completed prior to the execution of the final binding documentation governing the use of the Financial Assistance."

Under the Solar for All terms and conditions, BABA applies to Federal funds obligated for infrastructure projects. BABA applies to infrastructure projects that were not completed before the date award funds were obligated, which for our Solar for All award was August 8, 2024.

EPA has indicated that BABA will apply to an interconnection loan where the underlying project to be financed meets the definition of infrastructure (e.g., residential-serving community solar). DBRA will apply in this scenario as well.

For permanent debt, BABA will apply if an infrastructure project was not complete prior to August 8, 2024. Post-construction financing for a project that was complete prior to this date and that meets the definition of infrastructure (for example, providing a "take-out" facility for a residential-serving community solar project) will trigger BABA requirements. DBRA will also apply to such a project if it was not complete before executing the permanent debt documentation.

Product Terms

For the interconnection bridge loan, what is the difference between the term and availability?

For the interconnection bridge loan (slide 17) and other financing products highlighted in the webinar, "availability" refers to the period that a financing product can be accessed. "Term" means the time period over which a loan must be repaid once funds are drawn.

IPC is developing indicative term sheets for the financing products it is launching under this program. These terms sheets will be made available on IPC's Solar for All webpage.

Will there be closing fees or annual servicing fees for the interconnection bridge loan and the construction-to-perm debt products?

Applicable closing fees and/or annual servicing fees will be detailed in the indicative term sheets for these products, which will be available on IPC's Solar for All webpage. Please refer to the term sheets for more information.

What is the fee to the developer for the ITC transfer guaranty? How will the ITC transfer guaranty be priced?

Applicable developer fees will be detailed in the term sheet for this product, which will be available on IPC's Solar for All webpage. Please refer to the term sheet for more information.

Is there a minimum debt-service coverage ratio (DSCR) for permanent debt?

The DSCR for permanent debt will be detailed in the term sheet for this product, which will be available on IPC's Solar for All webpage. Please refer to the term sheet for more information.

Will having sponsor equity be a requirement in the underwriting process for a construction loan?

Please refer to product term sheets for detailed information regarding this requirement.

Application Process

What is the timeline of when developers will hear from IPC once they have filled out an intake form either to move forward with an application or not?

Upon submission, applicants will receive a submission acknowledgement. Within five (5) business days, IPC will strive to review intake materials for completeness and either; a) seek clarifying questions/feedback on the submitted intake; or, b) send recognition of intake complete and readiness to move forward with an application.

When will pre-development financing be available through this program?

IPC is launching three financing products in February 2025: 1) interconnection bridge loan, 2) construction to permanent / permanent debt, and 3) ITC transfer guaranty. We plan to roll out additional financing products, including pre-development loans, within the calendar year. IPC's other coalition lender partners will also be launching their financial products, some of which will include pre-development financing, throughout the remainder of 2025.

Program Engagement & Resources

Can small banks and community lenders engage in your program?

Yes, IPC encourages co-investment by small banks and community lenders in solar projects supported by our program. We encourage community lender representatives to subscribe to our program's email list and reach out with questions and partnership opportunities.

Will there be further trainings, webinars, and future information?

Yes. IPC plans to conduct additional trainings and information sessions for stakeholders as our program advances, including further sessions related to available financing and program requirements, as well as sessions related to our suite of technical assistance and capacity building. We encourage you to subscribe to our program's email list to stay informed about these opportunities.

What other resources are available?

IPC will post guidance on the financing products, term sheets, and other materials to our IPC Solar for All webpage. Solar for All Community Power Coalition members will share their own resources, including technical assistance and financial assistance, as the program moves forward. IPC will link resources on its Solar for All CPC resources webpage and will help disseminate them to stakeholders as they become available.

For more information about IPC's Solar for All program, please visit the Solar for All and SFA Resources pages on IPC's website.

INCLUSIVE PROSPERITY CAPITAL™

 inclusiveprosperitycapital.org | info@inclusiveteam.org | (203) 433-5060