

BEST SOLAR

CPF shines by offering low-cost financing

BY LINDSAY RIDDELL
San Francisco Business Times

Clean Power Finance Inc. is proving that the sun can still shine on the solar business.

The San Francisco-based company is on a growth tear, quadrupling its headcount over the last year to about 90 employees and recently achieving some of its highest volume months for solar contracts sold through its online platform. CPF now manages solar funds, which its installer partners can tap to install projects, that total about half-a-billion dollars.

A few years ago, Clean Power Finance was a back-end platform that helped solar installers sell and manage solar sales. But in 2010, when it expanded its model to also connect would-be solar investors to installers already using its software, it changed the game for the company.

More than 1,500 solar installers have used the software to install solar projects in all 50 states. CPF said a growing number are now tapping financing through its platform as well.

Clean Power Finance makes a fixed fee for each finance transaction, and also makes software licensing fees and asset management fees. It said because of its increasing scale, it can provide some of the lowest-cost financing on the market to installers, and higher rates of returns to solar investors.

"That's the key," said CEO Nat Kreamer. "Continuing to bring an attractive cost of capital to this business."

It also eliminates hassles for solar installers through a streamlined application process and quick payment following approval — something that reduces the cost and time it takes for installers to manage the solar installation process.

Clean Power Finance raised a \$25 million series B round of financing led by Kleiner Perkins Caufield & Byers in 2010. Its other investors include Sand Hill

Angels, Claremont Creek Ventures, and Google Ventures.

Shortly before, Kleiner Perkins helped recruit Kreamer, a founder of SunRun, another successful solar financing business also based in San Francisco and now one of Clean Power Finance's main competitors, to lead the company.

With solar panel prices at an all-time low, solar is moving toward a price that can compete with other, traditional sources of power. And, even as some major incentives that have buoyed the industry decline, more financing options will mean more people have access to solar going forward.

"If you're capital and you want to get to the market, it's cheaper to get to the market across our platform than to work with someone else," said Kreamer.

CPF announced May 4 the creation of a \$300 million solar fund that will finance projects for Clean Power Finance customers with partners Morgan Stanley subsidiary MS Solar Solutions Corp. and Main Street Power Co.

"Morgan Stanley selected CPF because Clean Power Finance has developed a unique marketplace that enables the flow of capital from investors to solar professionals while offering economic benefits to both parties," said Martin Mobley, vice president of Morgan Stanley.

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CLEAN POWER FINANCE INC.

HQ: San Francisco.

Employees: 90.

What it does: Offers financing as well as online solar sales and proposal software to solar installers.

CEO: Nat Kreamer.

Founded: 2007.

Funding: \$25 million Series B from KPCB and others.

Growth: Forty percent of all U.S. residential solar projects in 2011 were sold using Clean Power Finance tools.

