TRANSACTION PROFILE

Revised March 2021[1]

Providing Energy-Saving Home Improvements for New York State Residents

Sealed, Inc.

*A $7.5 million senior-secured revolving credit facility provided by NY Green Bank ("**NYGB**") will allow Sealed Inc. ("**Sealed**"), an energy service provider, to offer an innovative financing option to its customers to cover the costs of home energy efficiency measures. This transaction will enable Sealed to expand its current operations and complete additional energy-saving improvements in homes in New York State ("**NYS**").*

Transaction Description

Sealed is a NYS-based energy software company that provides home efficiency upgrades – from new insulation, to sealing air leaks, to installing new boilers and furnaces – utilizing a first-of-kind, user friendly financing solution. On May 6, 2016, NYGB closed a $5.0 million revolving credit facility that enabled Sealed to introduce a new financial product for homeowners interested in making their residences more comfortable and energy efficient. On March 11, 2021, NYGB consented to expand the Facility size to $7.50 million to further support Sealed's continued growth. With the increased Facility size, Sealed is expected to be able to complete energy-saving improvements in more than 600 homes in NYS.

To date, most energy efficiency financing products have been loans under which a homeowner is obligated to make a predetermined payment regardless of actual savings. Sealed's offering allows homeowners to make payments derived from actual energy savings. Sealed's signature analytics software enables accurate and reliable calculations of expected energy savings, which translates into a user-friendly billing process. In addition, the installations include health and safety improvements that are recommended or required by the Building Performance Institute or the International Residential Code.

This transaction type is replicable for other participants in the energy efficiency market in NYS – specifically smaller developers with early marketplace success but limited scale to date – providing precedent for further expansion of residential energy efficiency financing products.

This Transaction Profile is provided pursuant to the updated "NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.0" (the "**Metrics Plan**") developed in collaboration with the NYS Department of Public Service and filed with the NYS Public Service Commission (the "**Commission**") on June 20, 2016.[2] This Transaction Profile contains specific information in connection with the Sealed transaction (which was entered into on May 6, 2016 and subsequently amended on March 11, 2021), as required by the Metrics Plan.[3]

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Warehousing/Aggregation	Revolving Credit	$7.5 million

Location(s) of Underlying Project(s)

[1] Refer to the Summary of Changes document for details of updates, available at www.greenbank.ny.gov/Investments/Transaction-Profiles.
[2] Case 13-M-0412.
[3] See Section 4.0, page 8 and Schedule 3.

Statewide.[4] Sealed's residential home energy improvement program will be offered to homeowners throughout NYS, as well as in additional states such as NJ and CT pursuant to limitations on use of funds for non-NYS spending.

Types of Client & Partner Organizations that are Transaction Participants

	Name	Participant Type
Client	Sealed	Energy Service Provider
Partners (current)	Sealed's Approved Contractors	Home Improvement Contractors
Partners (future)	To be Identified	Institutional Investor(s)

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
NYS Homeowners	Homeowners are increasingly aware of the monetary benefits to be gained from making home efficiency upgrades. However, high upfront costs and limited financing options can make this already complex effort seem overly burdensome.	This transaction provides homeowners with a new financing model to pay for efficiency upgrades. Rather than have only one primary financing option – where homeowners sign on to a pre-determined fixed monthly payment – Sealed allows homeowners to use an innovative financing mechanism that is directly correlated to the guaranteed energy savings. In addition, as Sealed expands throughout the State, project costs for Sealed are expected to decline due to increased experience and economies of scale. This should ultimately translate into reduced costs for customers.
Capital Market Participants	While residential energy efficiency financing services are becoming more prevalent in the marketplace, private sector capital providers are hesitant to provide financing until the success of these types of projects – in terms of origination, deployment, performance and ongoing management – has been better demonstrated.	NYGB's early financial investment will help establish a track record for residential energy efficiency financings and demonstrate the strong risk/return profile associated with the efficiency measures. Many private capital providers today prefer to purchase a large pool of existing assets, and because NYGB's $7.5 million will allow Sealed to facilitate up to 600 individual home upgrades, this will ultimately become a portfolio that is of sufficient size to be sold to private capital providers.

Technologies Involved

[4] Defined as projects located in four or more regions of the State.

Technology	Measures
Energy Efficiency	Boiler replacement, air sealing, duct sealing, insulation, LED lighting, and smart thermostats.

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB's minimum investment criteria specifically require that transactions have the potential for energy savings and/or clean energy generation that will contribute to GHG emission reductions in support of New York's energy policies."[5] In addition, the Metrics Plan requires NYGB to report on the following energy and environmental measures, which are applicable to this transaction:[6]

- Estimated gross lifetime and annual electricity savings (MWh);
- Estimated gross lifetime and annual fuel savings (MMBtu);
- Estimated gross lifetime and annual GHG emission reductions (metric tons).

The estimated gross lifetime and annual energy and environmental impacts of the credit facility are as follows:

Energy/Environmental Impacts	Lifetime Low Estimate	Lifetime High Estimate	First-Year Low Estimate	First-Year High Estimate
Estimated electricity savings (MWh)	3,560	4,360	178	218
Estimated energy savings from efficiency measures (fuel) (MMBtu)	392,000	479,000	19,600	23,900
Estimated GHG emission reductions (metric tons)[7]	28,000	34,200	1,400	1,710

Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occur when a critical mass of NYGB financing and investment arrangements have been in place. Market evaluation activities commenced in 2018 in sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments.[8] NYSERDA collected baseline data for the solar sector in 2019 and will update the data to include indicators specific to this transaction. NYSERDA will use baseline data collected for indicators as a comparison point against which to assess market progress in later studies. Progress indicators are defined below for the short, medium and long terms.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across short-term indicators; including:

- Number of projects in development and completed;
- Average and aggregate dollar value of projects in development and completed;
- Location of projects;
- Number of small service providers (contractors);

[5] Case 13-M-0412, "Order Establishing New York Green Bank and Providing Initial Capitalization" issued and effective December 19, 2013 of the Commission, Ordering Clause 6 at pages 24 – 25.
[6] See Metrics Plan, Section 2.0, pages 2 - 6.
[7] As of January 1, 2016, NYSERDA utilizes a 1,160 lbs/MWh conversion factor to estimate GHG emissions reductions for electric generation and energy efficiency savings across all components of the CEF. NYSERDA previously utilized a 625 lbs/MWh conversion factor.
[8] See Metrics Plan, Section 3.3, page 7.

- Consumer payment defaults;
- Number and types of measures installed;
- Market volume of energy efficiency projects increases;
- Favorable financial performance data; and
- Favorable technology performance data.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across medium- and long-term indicators; including:

- Decreased project cost for Sealed due to increased experience;
- Geographic coverage of Sealed activities extends beyond Long Island;
- General understanding of energy efficiency benefits increases among homeowners and financial institutions;
- Demonstration of competitive risk/return profiles;
- Increased awareness and use of financial performance data by financing entities;
- Increased awareness and use of technology performance data by financing entities;
- Financing entities emerge to assume NYGB's position in transaction;
- Instances of similar financing models emerge;
- Residential homeowner financing costs for energy efficiency improvements decrease;
- Scale of energy efficiency investment by NYS homeowners increases;
- Number of residential energy efficiency refinancings increase;
- Number of banks offering similar warehouse lines of credit increases; and
- Increased energy savings and emissions reductions.

Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

Market evaluation will address the short, medium and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (industrial service providers, financial community) to track information including but not limited to: participation rates, project scale information, and influence of NYGB's participation on financial markets. As noted, baseline data was collected on key indicators in the first phase evaluation during 2018 – 2019. Subsequent studies will assess progress against baseline levels for other market segments. The specific timing of these efforts will be determined (and may be revised) on an ongoing basis as NYGB's investment portfolio continues to grow and evolve.

Impact evaluation is expected to include retail electric and gas utility billing analysis to verify initial consumption estimates and assess impacts related to installation of energy efficient measures. On-site verification of measure installations and performance may be conducted as resources allow. This is expected to occur on a less frequent basis to support ongoing billing analyses over time, as greater experience is gained. Billing analysis is a generally accepted and cost-effective method to validate energy savings on projects involving several measures and aggregate savings levels. Should the Project makeup indicate that billing analysis is not a viable method for certain segments of the participants, other methods will be considered. All customer data will be anonymized and/or aggregated prior to being reported or published.

As with all NYGB investments, Sealed Projects that receive an incentive or funding from other entities (e.g., utility or other NYSERDA programs, etc.) will, in accordance with the Metrics Plan, ideally be tracked in order to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be used as a mechanism to estimate overlap and minimize double counting. Attempts will also be made to coordinate market and impact evaluation activities for these Projects that receive support from multiple sources to maximize the efficiency of data collection and avoid participant survey fatigue.