

Draft: Business Models for the NFE Microgrid OS

Nearly Free Energy (NFE) Microgrid OS needs a clear model for generating sustainable revenue while enabling community energy systems. Two primary deployment models are proposed.

1. NFE-Owned Microgrid Model

In this model, NFE owns and finances the microgrid infrastructure within a community.

Infrastructure

NFE provides and owns:

- Submeters
- Battery storage
- Solar generation
- Microgrid control infrastructure running NFE Microgrid OS

Commercial Structure

NFE signs a Power Purchase Agreement (PPA) with the community, landlord, or HOA. Residents then purchase electricity directly from the microgrid.

Revenue

NFE earns revenue through:

- Electricity sales to customers
- A reliability premium for improved power quality
- Optimization of solar and battery storage to improve margins

Key Tradeoff

This model captures the most revenue but requires significant upfront capital and operational responsibility.

2. NFE Partner Microgrid Model

In this model, a partner owns the infrastructure while NFE provides the operating platform and technical services.

Typical partners include developers, landlords, housing estates, or community energy groups.

Infrastructure

The partner finances and owns:

- Solar
- Batteries
- Submeters
- Inverters and control hardware

NFE Role

NFE provides:

- NFE Microgrid OS platform
- Billing and settlement
- Monitoring and remote management
- Deployment and Operation of supported hardware

Revenue

NFE earns through:

1. **Monthly Platform Fee** - a fixed charge per connected customer
2. **Revenue Share** - a percentage of net monthly electricity sales

Maintenance

NFE maintains supported hardware such as meters, batteries, and solar systems. Costs are paid by the partner. Third-party assets (e.g., diesel generators) are excluded unless separately contracted.

Partner Revenue

Partners earn revenue from electricity sales and reliability improvements. They may also charge additional services through the NFE Microgrid OS billing platform.

Key Tradeoff

This model requires little capital from NFE and scales faster, but NFE captures less revenue per microgrid.

Strategic Use

Both models can coexist:

Situation	Preferred Model
Communities lacking financing	NFE-Owned
Developers or landlords	NFE Partner
Existing estates	NFE Partner
Demonstration projects	NFE-Owned

NFE may ultimately operate a hybrid portfolio—owning a few strategic microgrids while enabling many partner-operated systems through the platform.

Questions for Team Feedback

1. How should we determine the monthly platform fee per customer?
2. How should we determine the appropriate revenue-share percentage for the partnership model?
3. What hardware should NFE officially support and maintain?
4. Should partners be required to use NFE-certified hardware?

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