

Financing Program Update

January 2014 Financing Committee Conference Call

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January 9, 2014

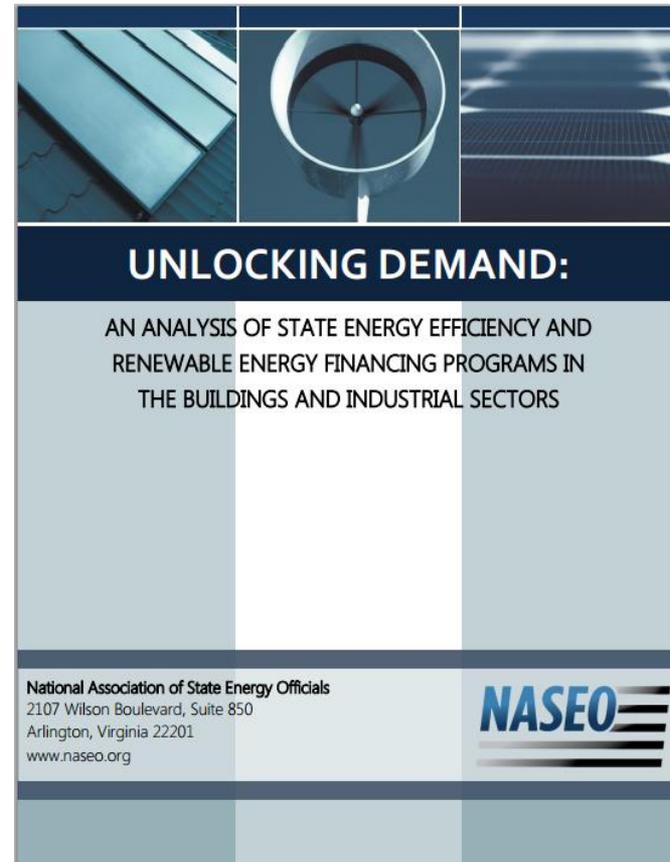
+ Presentation Overview

- New NASEO report: *Unlocking Demand: An Analysis of State Energy Efficiency and Renewable Energy Financing Programs*
- Qualified Energy Conservation Bond (QECCB) update
- State Energy Loan Fund (SELF) database
- Trends and potential items of interest in state energy efficiency and renewable energy financing



New NASEO Report: *Unlocking Demand*

- What is the role of energy offices in energy efficiency and renewable energy financing?
- What types of partnerships are the energy offices engaged in to implement and enhance financing programs?
- How are these programs being structured and delivered to the end-user?
- What type of market impact are we seeing?
- What lessons can we draw from the collective experience of the energy offices in this space?



<http://www.naseo.org/data/sites/1/documents/publications/Unlocking-Demand.pdf>

+ Major Findings

- Goal is not to replace banks
- No “one size fits all” program design
- Projects in need of money, not money in need of projects
- Need for capital to financing EE/RE projects outweighs available supply
- Stakeholder engagement and public-private partnerships drive success

Exhibit A. State Financing Programs by Sector and Type of Financing*

Type of Financing	Sector			
	Residential	Commercial	Industrial	Public
Bond Issuance	Oregon State Energy Loan Program		New Mexico Clean Energy Revenue Bond Program	
	Florida PACE Funding Agency		Wisconsin Energy Efficiency Revenue Bond Program	
Qualified Energy Conservation Bonds				
Secondary Market	Pennsylvania Keystone HELP	Green Jobs, Green New York On-Bill Recovery Program		Citi-Green Campus Partners Warehouse Funding Facility
	Warehouse for Energy Efficiency Loans	Hawaii Green Infrastructure Bonds Program		
On-Bill	South Carolina Rural Energy Savings Program			
Credit Enhancement	Michigan Saves Home Energy Loan Program		AlabamaSAVES	
			Michigan Saves Business Energy Financing	
Energy Banks	Connecticut Clean Energy Financing and Investment Authority (CEFIA)			Green Bank of Kentucky
Energy Savings Performance Contracting			Colorado Private Sector Energy Performance Contracting Program Pilot	Minnesota Guaranteed Energy Savings Program
Property Assessed Clean Energy	Vermont Junior Lien Residential PACE Program	Florida PACE Funding Agency		
Revolving Loan Funds	Massachusetts Home Energy Assistance Team (HEAT) Loan Program	Tennessee Pathway Lending Commercial Energy Efficiency Loan Program	Ohio Energy Loan Fund	Texas Loan Star Fund for State Facilities
		Virginia Commonwealth Energy Fund		
Nebraska Dollar and Energy Savings Loan Program				

*Note: Elements of some programs in this matrix may fall under multiple categories.

+ Detailed Program Profiles

- Appendix contains profiles of 21 energy efficiency and renewable energy financing programs that are either run by the state energy office or by a third party in close coordination with the energy office
- Profiles cover program basics and highlight key program approaches and accomplishments
- Sourced from interviews with the implementing agencies and review of available program data (projects completed, loans issued, etc.)

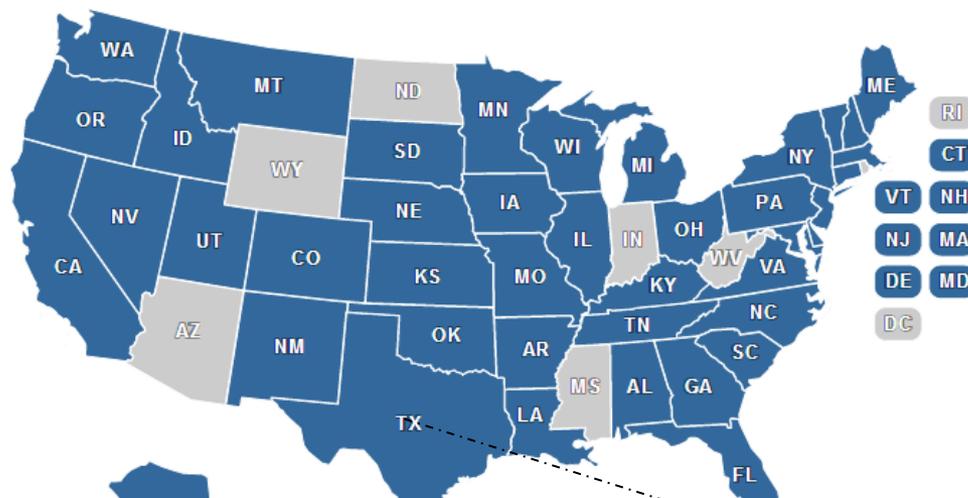
Alabama Sustainable and Verifiable Energy Savings Program ²⁹	
Implementing Agencies:	Alabama Department of Economic and Community Affairs (ADECA) Energy Division in partnership with third-party administrator Abundant Power Solutions, LLC
Program Type:	Revolving Loan Fund and Credit Enhancement
Funding Source:	\$25 million from State Energy Program (SEP)
Target Market(s):	Commercial, Industrial
Overview:	<p>The Alabama Sustainable and Verifiable Energy Savings (AlabamaSAVES) Program offers the only energy revolving loan fund for existing industries and businesses within the state. The program was created with a \$25 million State Energy Program (SEP) grant from the U.S. Department of Energy. The program is administered by a third party, Abundant Power Solutions, LLC, a national financial services company focused on energy efficiency products and solutions.</p> <p>AlabamaSAVES enables businesses to secure below-market rate financing for energy improvements to existing facilities, ranging from a minimum loan size of \$50,000 up to \$4 million. The loan term covers the blended useful life³⁰ of the improvements up to a maximum of 10 years, although exceptions may be made to the 10-year limit when proposed measures exceed ASHRAE 90.1 2010 standards. Allowable expenditures for loan funds include energy assessment costs, engineering fees, commissioning costs (both retro-commissioning as an energy savings measure and commissioning of newly implemented measures), project management fees, equipment costs and equipment installation labor costs for renewable energy systems, and energy efficiency measures installed on property owned or leased by a borrower. AlabamaSAVES offers direct loans at 1% interest rate for qualified applicants in addition to subsidies for loans from third-party lenders in the form of a 10% loan loss reserve and interest rate buy-down of up to 500 basis points.</p>
Notable Program Approaches and Accomplishments:	<ul style="list-style-type: none"> • Credit enhancements for lenders (including loan loss reserve and interest rate buy-down) have expanded the impact of the original \$25 million grant to leverage approximately \$65 million in projects throughout the state. • As part of a public-private partnership, both ADECA and Abundant Power have committed significant financial and/or personnel resources to the program, including funding as well as staff time to discuss and review projects. • Program involves multiple financing partners (local, regional, and national banks). Prospective borrowers are encouraged to introduce their preferred lender to the program, which often results in streamlined credit review and approval. • Program marketing through regular communication and partnerships with stakeholders, including economic development groups, industry groups, and utilities. • Partners have responded to program feedback, and have adapted services to improve delivery. For

+ Qualified Energy Conservation Bond (QECCB) Update

- NASEO Memorandum on levels of effort associated with enabling, administering and/or issuing QECCBs: <http://naseo.org/news-article?NewsID=350>
- Energy Programs Consortium (EPC) QECCB report update: <http://naseo.org/Data/Sites/1/documents/committees/financing/documents/qecb-report-december-2013.pdf>
- Baucus proposal on Energy Tax Reform: <http://www.finance.senate.gov/newsroom/chairman/release/?id=3a90679c-f8d0-4cb6-b775-ca559f91ebb4>

+ State Energy Loan Fund (SELF) Database/Tracking

- Go to <http://naseo.org/state-energy-financing-programs>
- Click on your state
- Verify that the information about your financing programs and loan funds is accurate
- Currently tracking programs in 45 states and territories, representing +\$2 billion in investment
- Need committee members' assistance in keeping data up-to-date



State Energy Financing Programs - Texas

Back to State Energy Financing Programs

LoanSTAR

Program Purpose: Various*
Fund Amount: \$128,500,000.00
Funding Source: Existing, plus ARRA* State Energy Program (SEP)
Website: www.seco.cpa.state.tx.us/l/

Contact:

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Building Energy Retrofit

Program Purpose: Buildings
Fund Amount: \$74,900,000.00
Funding Source: ARRA* State Energy Program (SEP)
Website: www.seco.cpa.state.tx.us/arra/sep/building/index.php

Contact:

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* American Recovery and Reinvestment Act

* These programs range from wind and solar to energy efficiency and building retrofits. Additional information can be found on the state website links.



NASEO Energy Outlook conference

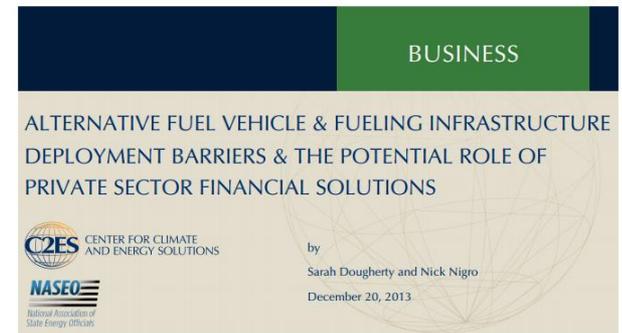
February 4-7, 2014; Fairmont Hotel; Washington, D.C.

- Agenda, speaker line-up, logistical information available at <http://energyoutlook.naseo.org/>
- Sessions of interest:
 - Cybersecurity Impacts 101 – An Illustrative Exercise for Policymakers and Industry Partners
 - Unlocking Clean Energy Investment: The New York Green Bank
 - Increasing Funding and Implementation of Multifamily Energy Efficiency Programs



New Transportation Financing Report

- Developed through NASEO Transportation committee in partnership with the Center for Climate and Energy Solutions (C2ES)
- State of the AFV market, barriers to demand and deployment, and examines how financing in other sectors (i.e. building retrofits) can help inform the transportation sector
- Transportation committee meeting in conjunction with NASEO Energy Outlook Conference, February 6, 2014 in Washington, D.C.





Discussion questions

- NASEO observing trends/growing interest in state green banks and statewide PACE models. Do these reflect committee members' priorities? What other topics, mechanisms, and sectors are on your radar?
- SEEACTION and Lawrence Berkeley National Lab are pushing the concept of “experimental design” and standardized data collection/reporting for energy efficiency financing programs (see December 2013 report, *Getting the Biggest Bank for the Buck*, at <http://emp.lbl.gov/publications/getting-biggest-bang-buck-exploring-rationales-and-design-options-energy-efficiency-fin>). Are you interested in learning more from LBNL about what this concept might mean for state financing programs?
- Other comments/questions?



Questions?
Thank you!

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*National Association of
State Energy Officials*