Presentation Overview

- New NASEO report: *Unlocking Demand: An Analysis of State Energy Efficiency and Renewable Energy Financing Programs*
- Qualified Energy Conservation Bond (QECB) 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](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**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Type of Financing</th>
<th>Residential</th>
<th>Commercial</th>
<th>Industrial</th>
<th>Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Issuance</td>
<td>Oregon State Energy Loan Program</td>
<td></td>
<td></td>
<td></td>
<td>New Mexico Clean Energy Revenue Bond Program</td>
</tr>
<tr>
<td></td>
<td>Florida PACE Funding Agency</td>
<td></td>
<td></td>
<td></td>
<td>Wisconsin Energy Efficiency Revenue Bond Program</td>
</tr>
<tr>
<td></td>
<td>Warehouse for Energy Efficiency Loans</td>
<td>Hawaii Green Infrastructure Bonds Program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>On-Bill</td>
<td>South Carolina Rural Energy Savings Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit Enhancement</td>
<td>Michigan Saves Home Energy Loan Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Michigan Saves Business Energy Financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy Banks</td>
<td>Connecticut Clean Energy Financing and Investment Authority (CEFA)</td>
<td></td>
<td></td>
<td></td>
<td>Green Bank of Kentucky</td>
</tr>
<tr>
<td>Property Assessed Clean Energy</td>
<td>Vermont Junior Lien Residential PACE Program</td>
<td></td>
<td></td>
<td>Florida PACE Funding Agency</td>
<td></td>
</tr>
<tr>
<td>Revolving Loan Funds</td>
<td>Massachusetts Home Energy Assistance Team (HEAT) Loan Program</td>
<td></td>
<td></td>
<td>Tennessee Pathway Lending Commercial Energy Efficiency Loan Program</td>
<td>Ohio Energy Loan Fund</td>
</tr>
<tr>
<td></td>
<td>Virginia Commonwealth Energy Fund</td>
<td></td>
<td></td>
<td></td>
<td>Texas Loan Star Fund for State Facilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nebraska Dollar and Energy Savings Loan Program</td>
<td></td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Implementing Agencies:</th>
<th>Alabama Department of Economic and Community Affairs (ADECA) Energy Division in partnership with third-party administrator Abundant Power Solutions, LLC.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Type:</td>
<td>Revolving Loan Fund and Credit Enhancement.</td>
</tr>
<tr>
<td>Funding Source:</td>
<td>$25 million from State Energy Program (SEP).</td>
</tr>
<tr>
<td>Target Market(s):</td>
<td>Commercial, Industrial</td>
</tr>
</tbody>
</table>

**Overview:**

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 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.

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 life 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.

**Notable Program Approaches and Accomplishments:**

- 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 (QECB) Update

- NASEO Memorandum on levels of effort associated with enabling, administering and/or issuing QECBs: [http://naseo.org/news-article?NewsID=350](http://naseo.org/news-article?NewsID=350)


- Baucus proposal on Energy Tax Reform: [http://www.finance.senate.gov/newsroom/chairman/release/?id=3a90679c-f8d0-4cb6-b775-ca559f91ebb4](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](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
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?


- Other comments/questions?
Questions?
Thank you!

Sandy Fazeli
sfazeli@naseo.org
703-299-8800 x 17