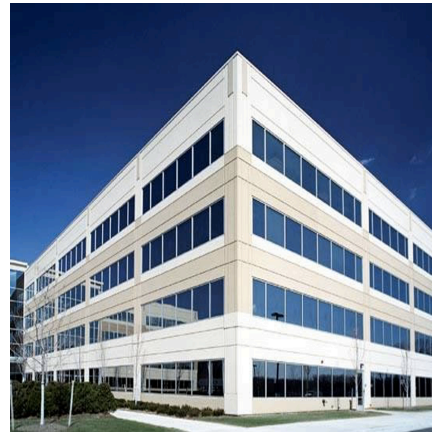




State Energy Efficiency and Renewable Energy Financing



April 15, 2016

NASEO Financing Committee Call

+ Today's call

- I. Roll call/attendance
- II. Announcements and housekeeping
- III. State Energy Revolving Loan Funds
 - Financing survey results – NASEO
 - In-house RLF Administration – Texas
 - Third-Party RLF Administration - Alabama
 - Innovative Partnerships with Lenders – Washington and Nebraska

- Objectives:
 - Share information and innovative practices on states' various RLF programs
 - Identify if there are any pressing questions or issues that the Financing Committee as a group can help states resolve with NASEO coordination

+ Announcements/Updates

- NEWHAB/online forum update
- NASEO Commercial PACE Report on statewide PACE programs will be released shortly
- Events
 - ACEEE Finance Forum: May 22-24 in Newport, Rhode Island
 - NASEO Regional Meeting Series: April-June in various locations by region; www.naseo.org/events for full schedule
- Upcoming project from NASEO (after release of C-PACE report): Federal Financing Playbook for states
- News or updates from committee members?

+ Financing Survey Results

\$1.6-\$1.7
billion

- Known capitalization of SEO clean energy financing programs (not including leverage of private loan funds, non-SEO green banks, PACE, or QECB issuances except where used to expand loan fund size)

35

- States known to have RLFs or credit enhancement programs, though nearly every state has interaction with financing in some way (whether through QECBs, PACE, green banks, or other initiatives)

32+DC

- States with PACE-enabling legislation enacted; Of these, 15 (inc. DC) have completed commercial projects and 3 have completed residential projects (FL, CA, MO)

24

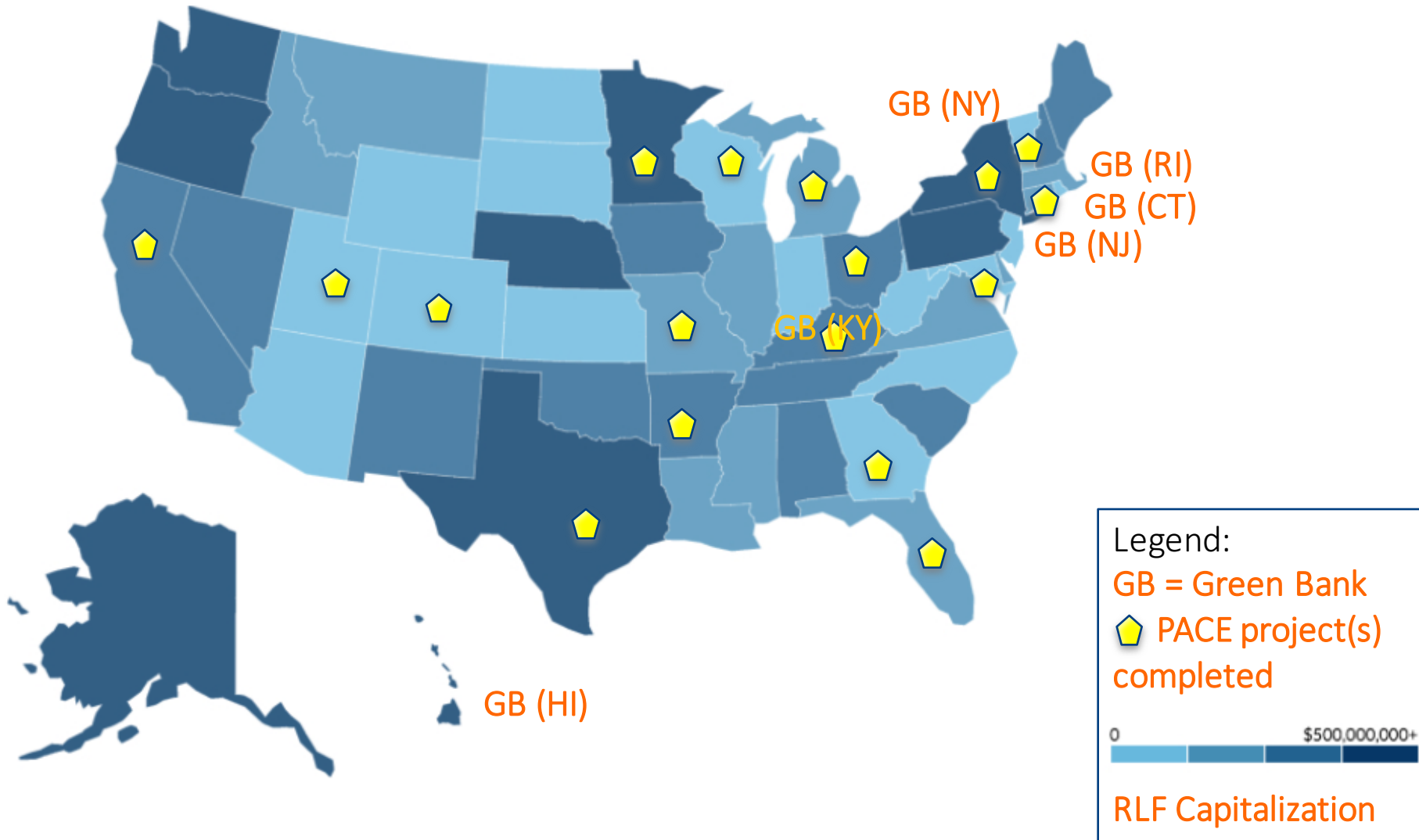
- Comprehensive energy plans cite financing

\$1.2 billion

- QECBs known by EPC to be issued (37.5% of total \$3.2 billion)



Loan Fund Capitalization Heat Map





Leverage and Success Stories

- Nebraska: **Dollar and Energy Savings Loan Fund** capitalization of \$43 million, has financed a total of \$325.5 million loans, resulting in a nearly 7:1 leverage ratio of private-to-public capital.
- Texas: LoanSTAR, with a capitalization of \$128 million, had funded over 237 loans totaling over \$395 million as of Jan. 2014, successfully revolving the fund to produce a 2:1 leverage of the public funds.
- New York: NYSERDA has engaged extensively with the secondary market to expand capital for its **Green Jobs Green New York** program.
 - August 2013 - \$24.3M Series 2013A Residential Energy Efficiency Financing Revenue Bonds for residential tier 1 energy efficiency loans, supported by a guarantee from the NYS Environmental Facilities Corporation (EFC) State Revolving Fund
 - September 2014 - \$30M Short-Term Financing Credit Facility for residential tier 1 energy efficiency loans through EFC
 - August 2015 - \$46.3M in Series 2015A Residential Energy Efficiency Financing Revenue Bonds for residential tier 1 energy efficiency loans issued to EFC (supporting market bonds issued by EFC through the SRF program) which refunded the \$30M in Short-Term Financing from September 2014 and provided \$16.3M for additional loans to be issued through March 2016.
- At least two financing programs are working with early stage companies on commercialization and deployment: Virginia's **Commonwealth Energy Fund** and the **Illinois Clean Tech Fund**

+ Next Up!

- **In-House Administration—Loan Star:** Dub Taylor and Eddy Trevino, Texas State Energy Conservation Office
- **Third Party Administration—Alabama SAVES:** Kathy Hornsby, Alabama Department of Economic and Community Affairs
- **Partnering with Lenders—Clean Energy Fund and Dollar and Energy Savings Loans:** Glenn Blackmon, Washington Department of Commerce State Energy Office and Jack Osterman, Nebraska Energy Office



Thank you!

Sandy Fazeli, Senior Program Director

sfazeli@naseo.org

Phone 703.299.8800



*National Association of
State Energy Officials*

LoanSTAR

Revolving Loan Program

Texas State Energy Conservation Office

Dub Taylor, Director

dub.taylor@cpa.texas.gov

Eddy Trevino, Program Manager

eddy.trevino@cpa.texas.gov

State Agencies and Public Higher Education

No of Loans

Project Cost

Payback, yrs.

72

\$173,938,134.60

7.1

Local and County Governments

No of Loans

Project Cost

Payback, yrs.

56

\$124,668,219.00

8.7

Public School Districts

No of Loans

Project Cost

Payback, yrs.

116

\$107,342,372.13

7.8

Junior and Community Colleges

No of Loans

Project Cost

Payback, yrs.

12

\$30,705,967.00

8.6

Hospitals

No of Loans

Project Cost

Payback, yrs.

12

\$7,323,299.00

7.9

Totals

No of Loans

Project Cost

Payback, yrs.

269

\$443,977,991.73

8.6



Department of Commerce

Washington Clean Energy Fund Grants to Nonprofit Lenders

*Glenn Blackmon, Ph.D.
Senior Energy Policy Specialist*

April 15, 2016



Washington's Clean Energy Fund



- Proposed by Governor Jay Inslee in 2012
- Created by 2013 legislation
 - \$36 million, including \$15 million for revolving loan programs
- Expanded in 2015 budget
 - \$40 million, including
 - \$10 million for revolving loan programs, and
 - \$6 million for credit enhancement for energy-related manufacturing





Clean Energy Fund Approach



FY 13/15

Smart Grid

Loans

Federal Match

FY 15/17

Grid Modernization

Loans

R&D/D Match

Renewable
Manuf.



Revolving Loan Fund Design

- Grants to nonprofit lenders
 - Competitive selection process
 - Proposals define target markets and approaches
 - Minimum 1:1 leverage, usually more
- Successful bidders
 - Draw funds in 1/3 tranches
 - Manage loan underwriting and servicing
 - Absorb any losses
 - Revolve grant funds for 10 years



Round 1 Grants

- Three proposals, two awards
- Craft3
 - Community development financial institution
 - \$8.7 million grant for commercial lending
 - \$2.9 million grant for residential lending
- Puget Sound Cooperative Credit Union
 - \$2.9 million grant for residential lending



Revolving Loan Funds in Action

Craft3 Future Energy Fund



Craft3 is a nonprofit CDFI lender with \$169 million in assets under management. We provide loans to entrepreneurs, nonprofits, individuals and others who don't normally have access to financing.

With generous support from the Washington State Department of Commerce, Craft3 offers loans to help businesses finance commercial energy-efficiency work and renewable energy technology installations through the Craft3 Future Energy Fund.

PSCCU ENERGY-SMART LOANS

At PSCCU we've been serving the financial needs of our neighbors since 1934. Our Energy-Smart Loans improve housing stock, lower energy usage AND put people to work. When you bank with us, your deposits support the environment, sustainability and YOUR local economy. That's how PSCCU practices community and cooperation.

The graphic features a central illustration of a green house with a leaf inside a circular frame, set against a background of green foliage and a gear. Below the text, there is a decorative border of green icons including a house, a lightbulb, a leaf, a gear, and a recycling symbol.

Round 1 Results through 2015

- Craft3
 - 10 commercial loans, \$22.6 million principal
 - 169 residential loans, \$2.6 million principal
 - 2:1 leverage of state funds
- Puget Sound Cooperative Credit Union
 - 1,703 residential loans, \$15.2 million principal
 - 20:1 leverage of state funds



Round 2 Status

- \$9.7 in grant funds available
- Competitive solicitation closed in March
- \$24.7 million in proposals, five lenders
- Three apparent successful bidders
 - Craft3 – commercial only
 - Puget Sound Cooperative Credit Union
 - Washington State Housing Finance Commission
- Contract negotiations are under way





Department of Commerce

Presented by:

Glenn Blackmon, Ph.D.

Senior Energy Policy Specialist

(360) 725-3115

glenn.blackmon@commerce.wa.gov

www.commerce.wa.gov

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