California Energy Commission
2009 Integrated Energy Policy Report Staff Workshop
August 11, 2009 9:00 am – 5:00 pm Hearing Room A
Energy Efficiency Financing Program

The California Energy Commission's Energy Efficiency Financing Program provides financing for schools, hospitals and local governments through low-interest loans for feasibility studies and the installation of energy-saving measures. The program now offers a lower interest rate of 3 percent applicable to loans made on or after July 9, 2009, ending when a new notice is issued. The 3 percent interest rate will not be applied retroactively to existing loans.

Eligibility

Cities, counties, special districts, public schools, colleges and universities, public care institutions, and public hospitals are eligible to apply. Nonprofit entities such as schools, hospitals, and public care facilities are not eligible for these funds.

Projects with proven energy and/or capacity savings are eligible, such as:

- Energy efficiency upgrades to lighting systems
- Cogeneration systems
- Pumps and motors
- Light emitting diode traffic signals
- Energy management systems and equipment controls
- Renewable energy projects
- Heating, ventilating and air conditioning systems

Funding

Up to $24 million in funds are currently available with a maximum loan amount of $3 million per application. If organizations already have existing loans from the Energy Commission, they must demonstrate that their existing loan-funded projects are progressing before another loan will be awarded. There is no minimum loan amount.

Application Due

Loan applications are accepted on a first-come, first-served basis.

Criteria for Loan Approval

Energy efficiency projects must be technically and economically feasible. Projects must have a simple payback of 11 years or less based on energy cost savings. Additionally, projects must meet these criteria:

- Loans for energy projects must be repaid from energy cost savings within 15 years, including principal and interest (approximate 11 years simple payback). Simple payback is calculated by dividing the dollar amount of the loan by the anticipated annual energy cost savings.
- The loan term cannot exceed the useful life of loan-funded equipment.
- Projects can start once the application is on file with the Energy Commission. Only project-related costs with invoices dated after loans are officially awarded by the Energy Commission are eligible to be reimbursed from loan funds. If the application is rejected for any reason, the Energy Commission is not responsible for reimbursement of any costs.

Case Study:

Contra Costa County saw an opportunity to reduce energy use in several of its buildings while helping the state during the 2001 electricity shortage. By using two loans from the Energy Commission as well as their own funds, the county retrofitted and upgraded the heating and cooling systems in eight buildings. The energy efficient measures included replacing pneumatic controls with direct digital controls, controlling hot water pumping, and replacing variable inlet vanes on air-handling unit fans with variable frequency drives. It took the county no more than eight months to finish the project installation.

	Project Costs	Commission Loan	Annual Energy Savings	Annual Energy Cost Savings
Loan #1	$790,748	$384,881	8,700 therms	$161,000
Loan #2	$686,820	$315,119	9,700 therms	$140,000
Totals	$1,477,568	$700,000	18,400 therms	$301,000
Average Simple Payback: less than 5 years				

For additional information, visit http://www.energy.ca.gov/efficiency/financing/index.html or contact the California Energy Commission's Special Projects Office at 916-654-4104 or by e-mail at pubprog@energy.state.ca.us