**ENERGY CONSERVATION ASSISTANCE ACT (ECAA)**

No application fees, points, or hidden costs

# Eligible Applicants: Only the following entities are eligible for these funds:

# Cities, Counties, Special Districts, Public Colleges or Universities, and Public Care Institutions / Public Hospitals

**Interest Rate**

**1% Loans**

FINANCING FOR ENERGY EFFICIENCY

& RENEWABLE ENERGY GENERATION PROJECTS

# NOTICE

and

# APPLICATION

**PON-17-401**

**Release Date:**

**April 30, 2019**

# 

**Gavin Newsom**

**Governor**

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California Energy Commission

<http://www.energy.ca.gov/efficiency/financing/index.html>

Phone: (916) 651-3747

**FINANCING FOR ENERGY EFFICIENCY**

**ELIGIBLE APPLICANTS**

Only the following entities are eligible for these funds:

* Cities
* Counties
* Special Districts
* Public Colleges or Universities
* Public Care Institutions / Public Hospitals

***Non-profit entities, residential, and commercial projects are not eligible for these funds.***

# ELIGIBLE PROJECTS

**Examples of Eligible Projects**:

* Lighting systems
* Heating, ventilation and air conditioning equipment
* Streetlights and LED traffic signals
* Energy management systems and equipment controls
* Pumps and motors
* Building envelope and insulation
* Energy generation, including renewable energy and combined heat and power projects
* Water and waste water treatment equipment
* Load shifting projects, such as thermal energy storage

**Projects which are already installed are ineligible.**

**LOAN INFORMATION**

* The maximum loan amount is $3 million (please see PROJECT CRITERIA for additional information). There is no minimum loan amount.
* The interest rate is fixed at 1% for the term of the loan.
* A loan applicant with an existing ECAA loan may apply for an additional loan if additional funding becomes available, and when the applicant’s existing loan project is complete.

Before applying, please contact the Energy Commission for the most current funding information. This is a revolving loan fund and repayments from previously approved loan awards replenish the fund balance.

Approximately $8 Million in loan funding is expected to be available during Fiscal Year 2018-19. The Energy Commission reserves the right to:

* Increase the amount of funds available under this loan notice when additional loan funds become available.
* Add funding sources under this loan notice if and when additional funding sources become available.

**Funding Source**

Loans funded under this loan notice originate from the Energy Conservation Assistance Act (ECAA).

**Loan Security Requirements**

A promissory note and a loan agreement between the applicant and the Energy Commission are required to secure the loan.

**Disbursement of Loan Funds**

Loan funds are available on a reimbursement basis. For each reimbursement request, receipts and invoices for incurred expenses must be submitted along with proof of payment. The final 10 percent of the funds will be retained until the project is completed and the applicant submits the project final report. Interest is charged on the unpaid principal balance of the loan computed from the date of each disbursement to the borrower.

**Repayment Terms**

* Loans must be repaid from energy cost savings or other legally available funds within a maximum term of 20 years (including principal and interest).
* The amortization of the loan and repayment schedule will be based on the number of years needed to repay the loan (principal and interest) using an estimate of the energy cost savings during the first year after project completion. Energy cost savings are based on applicable tariff and operating schedules at the time the loan application is submitted.
* The loan repayment term cannot exceed the effective useful life of the loan-funded equipment.
* Applicants will be billed twice a year, in June and December, after the project is completed.

**Sample Loan Agreement**

Applicants must review the sample loan agreement documents posted at the [http://www.energy.ca.gov/efficiency/financing](http://www.energy.ca.gov/efficiency/financing/) before submitting an application. Please refer to the heading “Loan Agreement” for PON-17-401– 1% Loans.

**Additional Loan Information**

* All documents are public records and will notbe kept confidential.
* Loans may require a tax certificate.

**PROJECT CRITERIA**

Projects with proven energy and/or demand cost savings are eligible, provided they meet ECAA eligibility requirements. A feasibility study is required to verify the estimated energy savings.

1. The maximum loan amount per application is the lesser of:
   1. $3 million;
   2. The estimated total project cost; or
   3. The estimated total energy cost savings over the effective useful life (EUL) of the loan-funded equipment, not to exceed 17 years.

If the estimated total project cost is more than the estimated total energy cost savings over the EUL of the loan-funded equipment, the applicant may reduce the estimated total project cost to the estimated total energy cost savings level by using rebates, incentives, and/or its own funding. However, other loan sources may not be used to co-fund the project.

1. The estimated total energy cost savings over the life of the project will be calculated by multiplying each measure’s annual energy cost savings by that measure’s EUL and then adding up the savings for all projects.

The applicant may use EULs provided in the Database for Energy Efficiency Resources (DEER)[[1]](#footnote-2), Appendix E of the Proposition 39 (California Clean Energy Jobs Act) Program Implementation Guidelines[[2]](#footnote-3) (July 2016), or the equipment manufacturers’ warranty. EULs will be the lesser of the EUL stated in the application or 17 years to allow for repayment of principal and interest within 20 years.

1. Energy cost savings shall be determined using the applicant’s current energy rates. Escalation of energy rates and soft costs, such as operation and maintenance savings, will not be considered when determining energy cost savings.
2. Leased Facilities: If the project is located in a leased facility the term of the lease must exceed the repayment period.

**Project Commencement**

A loan agreement must be fully executed (*i.e.* signed by the Energy Commission and the loan applicant*)* before the project work can begin. Only approved project-related costs that are incurredwithin the term of the executed agreement and comply with the terms and conditions of the loan agreement are eligible for reimbursement.

**HOW TO APPLY**

Applicants mustsubmit the following:

1. Completed and signed ***Loan Application*** (Attachment 1).
2. Completed ***Summary of Energy Efficiency Projects in Loan Request Table*** (Attachment 2).
3. **Governing Body Resolution** (see Attachment 3)
4. **CEQA Compliance Documentation** (see Attachment 4)

Applicants must include a copy of documentation demonstrating that the applicant has complied with CEQA in approving the project. There are three possible actions the applicant may take. The applicant may determine that the activity undertaken by the loan is:

1. Not a project: include a statement that all projects to be funded by the loan are not projects under CEQA, and analysis supporting the conclusion that the activity is not a project.
2. A project that is EXEMPT: include any Notice of Exemption if filed by the applicant.
3. A project that is NOT EXEMPT: include any Notice of Determination filed by the applicant and a copy, web link or electronic version of any environmental documents prepared, such as:

* Negative Declaration;
* Mitigated Negative Declaration; or
* Environmental Impact Report.

1. **Documentation of Applicant’s Authority**:
2. Documentation showing the authority of the applicant to enter into the loan agreement.

A copy of a signed resolution, motion, order, etc. from the applicant’s governing board (see Attachment 3 for a sample). The resolution, motion, order, etc. must include the finding on CEQA compliance. If the CEQA finding is in the agenda item, include both the agenda item and the resolution. If the CEQA finding is in the resolution, do not include a copy of the agenda item;

OR

If the applicant does not use motions/resolutions/orders, include a copy of the law or other document showing the applicant’s authority to enter into a loan agreement.

AND

1. Documentation showing the job title of the individual who is authorized to apply for the loan and execute the loan agreement. In most cases, the title of the individual will be listed in the resolution, motion or order (see Attachment 3 for a sample);

OR

If the applicant does not use motions/resolutions/orders, the applicant must include other documentation showing the job title of the authorized individual.

# Utility Billing Data

The applicant must electronically submit 12 months of recent baseline utility data records from electric and natural gas utilities, unless the information on utility usage and rate schedules are included in the feasibility study or energy audit report.

1. **Feasibility Study** or energy audit report (may be submitted via CD or flash drive). The study must have been completed within the past two years and must contain:

1. A detailed description of the proposed project;

2. A description of the buildings/facilities affected by the proposed project;

3. A discussion of baseline energy use for the facilities, including annual energy related utility bills;

4. All calculations and assumptions to support the technical feasibility and energy savings of the proposed recommended project;

5. A proposed budget detailing all project costs; and

6. A proposed schedule for implementation of the project. If the feasibility study identifies maintenance and operating procedures, the applicant shall include the estimated date of implementation or provide a reason for not implementing.

**APPLICATION SUBMITTAL AND REVIEW PROCESS**

Applications will be validated for eligibility based on the requirements of this loan notice PON-17-401. Applications deemed complete and eligible for funding will be processed in the order received. Applications are deemed complete when documentation is submitted to verify eligibility and compliance with all requirements listed in this loan notice.

If funding becomes oversubscribed, applications will be placed on a waiting list in the order they were deemed complete. In the event that there are two or more complete applications received on the same date and time, the application with the shorter payback period will be given the higher priority ranking on a waiting list.

Energy Commission staff will review the loan application and supporting documents to evaluate the proposed project’s technical and economic feasibility. Further, Energy Commission staff will perform its own CEQA evaluation of the proposed project. It may be necessary to arrange a site visit to evaluate the project and loan request.

ATTACHMENTS TO THIS LOAN NOTICE

* Attachment 1: ECAA Loan Application for Energy Commission Financing Interest Rate 1%
* Attachment 2: Summary of Energy Efficiency Measures in Loan Request
* Attachment 3: Sample Resolution
* Attachment 4: California Environmental Quality Act (CEQA) Information

**HOW TO SUBMIT AN APPLICATION**

Mail the loan application and all supporting documentation to:

ECAA Loan Program

LOCAL ASSISTANCE AND FINANCING OFFICE

California Energy Commission

1516 Ninth Street, MS #23

Sacramento, CA 95814-5512

Applications may be submitted at any time and this loan notice will remain posted for a minimum of 90 days from the original release date.

**CONTACT INFORMATION FOR ASSISTANCE AND QUESTIONS**

Please call or email the California Energy Commission to discuss available funding or any other information in this loan notice:

**For Assistance:**

**Email: PubProg@energy.ca.gov**

**Phone: (916) 651-3747**

**(916) 654-4104**

**Loan Notice Documents**

A copy of this loan notice, all attachments to this loan notice, sample loan agreements and more information is available for download at: <http://www.energy.ca.gov/efficiency/financing/>

The Energy Commission reserves the right to close or change this loan notice.

1. http://www.deeresources.com/files/DEER2013codeupdate/download/DEER2014-EUL-table-update\_2014-02-05.xlsx [↑](#footnote-ref-2)
2. http://energy.ca.gov/2016publications/CEC-400-2016-005/CEC-400-2016-005-CMF.pdf [↑](#footnote-ref-3)