

Energy Conservation Assistance Act (ECAA)

LOW INTEREST LOANS

No application fees, points, or hidden costs

Interest Rate 1%

FINANCING FOR ENERGY EFFICIENCY
& ENERGY GENERATION PROJECTS

Amended NOTICE and APPLICATION

P O N - 1 1 - 6 1 0

R e l e a s e D a t e :

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EDMUND G. (JERRY) BROWN JR.
Governor

California Energy Commission

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

Phone: (916) 654-4104

FINANCING FOR ENERGY EFFICIENCY

Who is Eligible?

Only the following entities are eligible for these funds:

- Cities
- Counties
- Public Schools & Colleges
- Special Districts
- Public Care Institutions
- Public Hospitals

Residential and commercial projects and non-profit institutions are **not** eligible for these funds.

How Much Funding is Available?

Approximately \$25 million is currently available. The maximum loan amount is \$3 million per application. There is no minimum loan amount.

The Energy Commission reserves the right to increase the amount of funds under this loan notice if and when additional loan funds become available.

What is the Funding Source?

Funds used in this loan notice originate from one or more of the following:

- Energy Conservation Assistance Act (ECAA)
- Bond Proceeds from ECAA Tax-Exempt Revenue Bonds
- Renewable Resources Trust Fund (RRTF)

The Energy Commission reserves the right to add funding sources under this loan notice if and when additional funding sources become available.

When Should You Submit Your Application?

Funds are limited. Complete applications will be processed and reviewed by technical staff in the order received. Applications are deemed complete if they include all necessary documentation to verify eligibility and compliance with all requirements.

The Energy Commission reserves the right to close or change the loan notice at any time, so don't delay.

What Projects are Eligible?

Projects with proven energy and/or demand cost savings are eligible, provided they meet the ECAA eligibility requirements (see Criteria for Loan Approval below). Projects already funded with an existing loan or already installed are ineligible.

Examples of Qualified Projects:

- Lighting systems
- Heating, ventilation and air conditioning equipment
- Streetlights and LED traffic signals
- Energy management systems and equipment controls
- Pumps and motors
- Building 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

How are Funds Disbursed?

The 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. Interest is charged on the unpaid principal balance of the loan computed from the date of each disbursement to the borrower.

When Can You Start Your Project?

Your loan agreement must be fully executed (i.e. signed by the Energy Commission) before you can start your project.

Only approved project-related costs with invoices dated within the term of the executed agreement are eligible for reimbursement under the loan. If the loan is not approved or executed, the Energy Commission is not responsible for reimbursement of any costs.

Criteria for Loan Approval:

Projects must be technically and economically feasible. A feasibility study is required to verify the estimated energy savings.

Projects must be repaid from savings within 15 years, including principal and interest. This results in an approximate 13-year simple payback and is based on the estimated first year energy cost savings. Partial funding can be provided for projects with a simple payback greater than 13 years.

$$\text{Simple Payback (yrs)} = \frac{\text{Amount of Loan (\$)}}{\text{Anticipated Annual Energy Cost Savings (\$/yr)}}$$

Interest Rate:

The interest rate is fixed at 1% for the term of the loan.

The interest rate is valid until a new loan notice is issued or the loan notice is closed. This interest rate will apply to all original loans approved at an Energy Commission Business Meeting on or after February 14, 2012 (the date PON-11-610 was released). Original loan includes the first or initial approval of a loan by the Energy Commission, and does not include amendments, time extensions or augmentations of budget. This interest rate will not be applied retroactively to existing loans originally awarded at a Business Meeting under a previous notice (before February 14, 2012).

Loan Security Requirements:

It's simple. A promissory note and a loan agreement between you and the Energy Commission are all that is required to secure the loan.

Repayment Terms:

The repayment schedule is based on the estimated annual energy cost savings from the aggregated project(s), using energy costs and operating schedules at the time of loan approval. Loans will be amortized on the estimated annual energy cost savings achieved by the loan-funded project. Applicants will be billed twice a year, in June and December, after the projects are completed.

Loans must be repaid from energy cost savings or other legally available funds within a maximum term of 15 years, including principal and interest. The loan repayment term cannot exceed the useful life of the loan funded equipment.

Other Requirements:

- All documents are public records and will **not** be kept confidential.
- Certain loans will require a tax certificate.

How Do You Apply?

Simply submit the following information:

1. Completed and signed ***Loan Application*** (Attachment 1).
2. Completed ***Summary of Recommended Energy Efficiency Measures in Loan Request Table*** (Attachment 2).
3. ***Feasibility Study*** (may be submitted via CD or flash drive). The study must contain: a) description of energy efficiency projects and buildings/ facilities affected by these projects, b) discussion of baseline energy use for the affected facilities, including annual energy related utility bills, c) all calculations and assumptions to support the technical feasibility and energy savings of the recommended projects, d) proposed budget detailing all project costs, and e) proposed schedule for implementation of the projects.
4. Copy of a signed ***resolution, motion, order, etc. from your governing board*** (see Attachment 3 for a sample). The resolution must be submitted with the application. The title of the official signing the loan agreement should be the same one named in the resolution, motion, or order.

The resolution/agenda item must include the finding on CEQA compliance.

- If the CEQA finding is in the agenda item, include both the item and the resolution.
- If the CEQA finding is in the resolution, application does not need to include a copy of the agenda item.

5. ***California Environmental Quality Act (CEQA) Compliance Documentation*** (see Attachment 4 for more information). Include a copy of documentation demonstrating that the applicant has complied with CEQA in approving the project. There are three possible actions the applicant can take. The applicant could determine that the activity undertaken by the loan is:

- Not a project (include a statement that all projects in the loan are not CEQA projects, and analysis supporting the conclusion that the activity is not a project);
- A project that is exempt (include the Notice of Exemption);
- The project is not exempt, in which case the applicant should include the Notice of Determination and indicate which type of environmental document it has prepared:
 - Negative Declaration
 - Mitigated Negative Declaration
 - Environmental Impact Report

Where Do I Submit My Application?

Send your loan application and all supporting documentation to:

California Energy Commission
Special Projects Office
Attn: ECAA Loan Program
1516 Ninth Street, MS-23
Sacramento, CA 95814-5512

Who Do I Contact for Assistance/Questions?

Call or email the California Energy Commission to discuss project and facility eligibility, funding availability, and application requirements:

(916) 654-4104

Email: PubProg@energy.ca.gov

Loan Notice Documents:

A copy of the Loan Notice, Loan Application, sample Loan Agreement, and all Attachments to this Loan Notice are available for downloading at:

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

Hard copies can be requested by contacting:

California Energy Commission
ECAA Loan Program
1516 Ninth Street MS-23
Sacramento, CA 95814
E-mail: PubProg@energy.ca.gov

Application Review Process:

Energy Commission staff will review your loan application. It may be necessary to arrange a site visit to discuss your project and loan request.

Attachments to this Loan Notice:

- Attachment 1: Application for Energy Commission Financing
- Attachment 2: Summary of Recommended Energy Efficiency Measures in Loan Request
- Attachment 3: Sample Resolution
- Attachment 4: CEQA Compliance Documentation Information