



Energy Project Lease Financing

FAQs

www.energylease.org

What is the Energy Project Lease Financing program?

Energy Project Lease Financing provides low-interest financing to public agencies for energy efficiency, water conservation and renewable energy projects.

How does Energy Project Lease Financing work compared to other energy efficiency financing programs like the utilities' On Bill Financing and the California Energy Commission's low interest loan?

Energy Project Lease Financing complements other financing tools such as On Bill Financing and CEC's loan. Agencies' needs vary and the mix of financing chosen to fund a particular efficiency project may differ. Some of the advantages of Energy Project Lease Financing are:

- No up-front capital is needed since the financing closes prior to construction
- Projects without utility incentives may be funded
- There is no maximum limit for financing
- Longer terms of up to 15 years are available, reducing annual payments

Can I have two or more loans or leases at the same time?

Yes, however, there may be efficiencies derived from single borrowing.

What is the typical interest rate?

Interest rates vary and are subject to the market. Upon submission of a completed application, the agency receives an Offer to Finance with an interest rate and terms unique to that agency and projects. Contact us via phone (855-700-NETWORK) or email (finance@theenergynetwork.com) for up-to-date rate information.

What are the repayment terms?

Repayments are typically structured with level semi-annual payments over the term of the loan, but other structures may be requested. The repayment term is determined by the weighted useful life of the project. Incentive funds may be included in the repayment schedule if requested by the agency.

What are the loan security requirements?

Loans are structured as equipment leases secured by the equipment or facilities in which the energy improvements are made. Improvements made to facilities with existing encumbrances may require an alternate security pledge.

How do I apply?

Agencies must complete a simple application form with project data, basic financial information and estimated energy savings. Upon receipt of the application, The Energy Network will acquire a lender bid resulting in an Offer to Finance with indicative lease rates and terms.

Besides the completed application, are there any other requirements?

The governing board of the agency applying must authorize the borrowing of funds for the efficiency improvements. To facilitate the process, The Energy Network will provide an authorizing resolution that states the not-to-exceed loan amount, interest rate and term of repayment.

What are the criteria for loan approval?

The agency must submit completed documents and have verifiable credit standing. The borrower's financial statements must demonstrate the capacity to make lease payments, and its governing board must approve the borrowing prior to document closing and release of funds.

How do I determine the project information to put into the funding application?

The Energy Network can help agencies identify relevant projects and associated costs. The program's turnkey services are free to qualifying agencies and include energy efficiency project proposal, financial analysis and financing assistance. Other free services include energy assessment and benchmarking, project design and management, construction management support, post-construction support and applying for utility rebate and incentives.

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When can I start my project?

Agencies typically close their financing and have the funds available to draw from an escrow account prior to commencing improvements. In some cases, agencies may want to self-fund a project's start with reimbursement from the lease proceeds in order to meet timing milestones. In such cases, The Energy Network advises that the funding approvals and reimbursement authorization be completed prior to project initiation.

When should an application be submitted?

Applications should be submitted when the project scope, improvements, cost and savings analysis have been completed. At the time of application, there should be an expectation of project completion going forward with minimal anticipated changes. Governing board approval is sought after the application submission and the Offer to Finance; however, this approval can be gauged by ensuring decision makers have opportunities for prior discussions of project identification and initiation of contractor scoping.

How are funds disbursed?

Funds are held in an escrow account and paid out upon requisition by the agency.

What projects are eligible?

Generally any energy efficiency, water conservation, renewable energy projects or other capital improvements are eligible. The Energy Project Lease Financing program was established to support funding for projects that demonstrate savings relative to existing operations; however, this is not a strict requirement.

Can you provide examples of qualified projects?

There are numerous improvements that can provide significant savings to public agencies. Common improvements include boiler and chiller upgrades, HVAC systems, lighting, daylighting, window and door upgrades, window tinting, systems controls, photovoltaic solar installations, solar thermal water heating, reflective roofs and more.

How do the utility incentives get processed?

Utility incentives, when applicable, are processed outside of financing. The Energy Network can assist with the completion of incentive documentation or the agency's contractor may facilitate this process.

What is the funding source?

Funding for Energy Project Lease Financing is provided by a variety of private lending institutions that offer tax exempt lease financing through a broker. The Energy Network selected the broker through a competitive bidding process.

Can I install or make retrofit modifications on my own, or do I have to use an approved contractor?

Installations may be made by qualified, licensed staff or qualified, licensed contractors. The application process includes verification of qualifications of selected installers.

How long does it take to get approved and obtain the funds?

Approval is typically provided within one week of a completed application being submitted. Funding documentation and closing can be completed within 30 days of governing board approval.

Can the lease proceeds be paid to a third party, such as a vendor or contractor?

Yes, as long as the government agency authorizes direct payment in their requisition to the escrow agent.

Are there early payment penalties?

There may be early payment penalties. They are defined in the Offer to Finance. A standard payout option at five years may be requested by the Agency in the application.