

"PROGRAMS WITH PROMISE"

FRESNO ENERGY WATCH "POWER LOAN" PROGRAM

LAST UPDATED: 12/20/2013

CITY/COUNTY BACKGROUND INFORMATION

Fresno County

Location:	Central San Joaquin Valley
Population:	947,895 (2012)
Utility Service Provider:	Pacific Gas and Electric Company
Target Sector:	Small/Medium Business (SMB)



SUMMARY

In 2013, the Fresno Energy Watch identified a trend of small and medium-sized businesses receiving energy assessments through the PG&E Direct Install Program; businesses that were recommended upgrades with a co-pay valued at less than \$5,000 often did not convert into installs due to lack of attractive financing options for the co-pay. In response, the Economic Development Corporation serving Fresno County (Fresno EDC), a local government partner with the Fresno Energy Watch, developed a loan program for the co-pay costs in coordination with Fresno CDFI, a community development financial institution that provides lending services to low and moderate income communities. Coined the POWER (Promoting Opportunity With Energy Retrofits) Loan, the loan program was designed to address a need for financing energy efficiency upgrades co-pay cost that may have otherwise prevented projects from being completed. Designed to provide similar financing terms as the PG&E On-Bill Financing Program, the Fresno Energy Watch subsidizes the overhead of the POWER Loan, allowing for retrofit co-pay costs of less than \$5,000 to be financed at 0% interest with loan periods up to 24 months.

PROGRAM HIGHLIGHTS

Major features

Program is currently limited to small business customers with less than 200KW demand in Fresno County

0% financing for up to 24 months

\$1,000 minimum amount that can be financed

\$4,999 maximum amount that can be financed

Customer must have not had any late PG&E bill payments in the last 12 months

Program is tied to the PG&E Direct Install Program provided by Richard Heath and Associates in Fresno County and loans are only to cover the customer co-pay for the Direct Install Program upgrades

CHALLENGES

The most significant challenge the program has faced is marketing to the small business community in a county where the economy is still depressed from the Great Recession. Many of the small businesses that this program is designed to serve are extremely debt adverse and even 0% interest does not assure an easy sell.

THE REST OF THE STORY

In 2008, the Fresno County Economic Opportunities Commission created Fresno CDFI, a community development financial institution to provide lending services to low and moderate income communities. Fresno CDFI provides financing, training, and asset development services for low- and moderate-income entrepreneurs. Their professional, seasoned, and multi-lingual staff – experienced in micro-finance, credit counseling, business plan development, and advocacy for low-income families – has helped hundreds of entrepreneurs realize their dreams.

The idea for using Fresno CDFI resources to develop a loan product for small businesses interested in the PG&E Direct Install Program, but reluctant to participate due to the co-pay costs, was hatched during a Central CA LGP meeting sponsored by the SEEC and Local Government Commission in the Spring of 2013.

Through collaboration with the Economic Development Corporation serving Fresno County (Fresno EDC) and the Fresno Energy Watch, the POWER Loan was developed by Fresno CDFI to address a need for a financing tool for energy efficiency upgrade co-pay costs. These costs may have been a barrier for a small business to participate in the PG&E Direct Install Program without the POWER Loan program. With 0% interest, loan periods up to 24 months and quick approval, the POWER Loan is an excellent option for small businesses seeking to lower their energy costs. Businesses must have received an Energy Fitness assessment through Fresno Energy Watch partner, Richard Heath and Associates (RHA) to be eligible for the POWER Loan. POWER Loan covers upgrade co-pay costs up to \$4,999. Amounts larger than this can be financed through PG&E's Energy Efficient Retrofit Loan Program (On-Bill Financing).

The program has a contract budget of \$12,000 and is currently funded through 2014. The Fresno CDFI has allocated \$50,000 to make loans for the program and there are currently three (3) loans completed with about 5-6 in process.

GAINING POLITICAL SUPPORT

The program has been well received by local elected officials and faced no challenges in terms of political support.

LEARN MORE

<http://fresnoenergywatch.com/explore-financing/>

SIMILAR PROGRAMS

This is currently the only program of its kind in the State.