

ENERGY EFFICIENCY AND CONSERVATION  
BLOCK GRANT (EECBG) PROGRAM

# Key Activities Summary

## Blueprint 5: Unlocking Sustainable Financing Solutions for Energy Projects and Programs with Revolving Loan Funds

This Key Activities Summary provides a concise overview of the **Unlocking Sustainable Financing Solutions for Energy Projects and Programs with Revolving Loan Funds**. DOE plans to provide technical assistance support to all entities who select this Blueprint, which may include one-on-one attention from DOE or national lab experts, webinars, and peer learning opportunities.



## INTRODUCTION

# What

An important component of an energy strategy is finding a way to pay for key energy initiatives. This includes leveraging limited grant dollars to either attract private capital or recirculate grant funds over multiple lifecycles for greater impact. Many state and local governments have used revolving loan funds (RLFs) to support their strategic energy goals as a way of maximizing the use of public funds. RLFs can be set up internally within a government or other type of organization to support energy improvements on its own facilities; alternatively, RLFs can be set up as a program to support energy improvements in the community (for example, in the commercial, residential, and institutional sectors). Revolving loan funds use a source of capital, typically from federal, state, tribal, or local funds, to establish a dedicated reserve from which direct loans are made for clean energy projects. Proceeds from loan repayments flow back into the fund and become available to lend again. Government-sponsored external RLFs typically address a hard-to-serve market segment, expand access to capital beyond what is available on the private market, and require higher amounts of source capital.

Revolving loan funds can help open access to clean energy technologies to a broader swath of the population. Funds can be designed to specifically target all or a portion of the fund toward disadvantaged communities (DACs). Terms and conditions of the fund could also require the use of contractors that are registered women-, veteran- or minority-owned businesses.

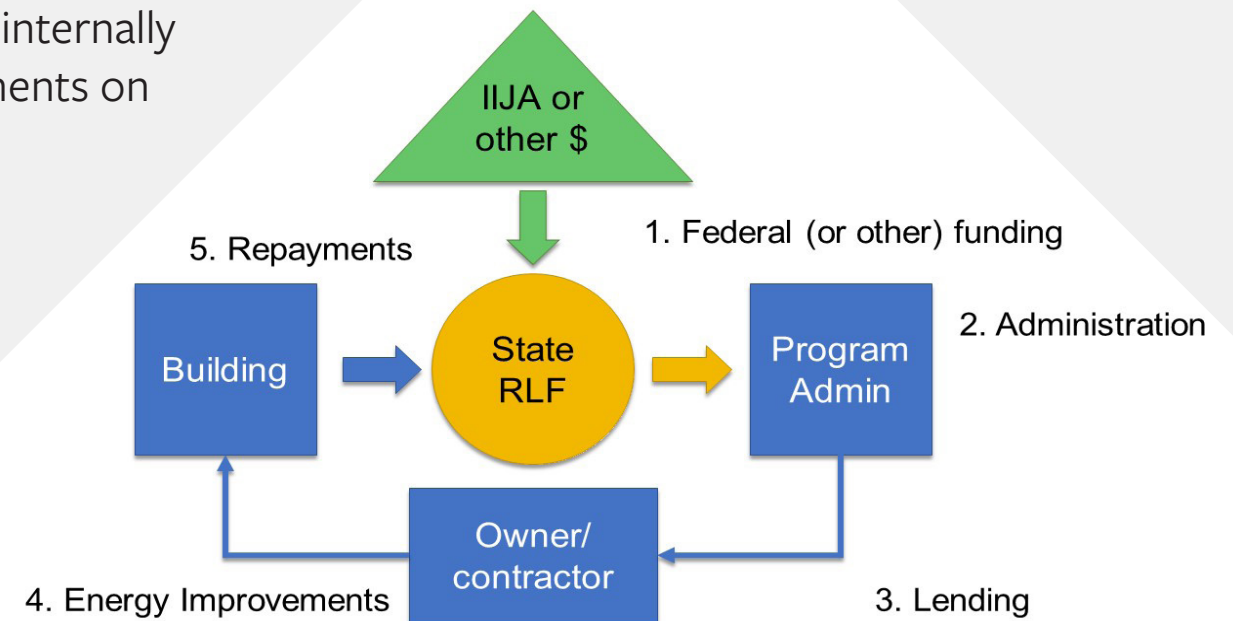


Image from DOE and Berkeley Lab Revolving Loan Fund Bootcamp (December 2022). Developed for states developing RLFs with applicable lessons for all EECBG Program awardees. Find full recording online [here](#). Recording password: 8nPsQ9XQ.

1

2

3

4

# Why

Financing is often necessary to achieve a single project (e.g., retrofitting a public building) or a stream of projects (e.g., home and business retrofits). RLFs leverage an initial fixed amount of funds to pay for projects by lending capital to specific, goal-oriented projects (e.g., projects that improve the energy efficiency of a building). The loan is repaid over time, with the repayment typically supported by savings from lower utility bills that accrue as a result of the funded energy improvements. Upon repayment, funding flows back into the RLF, which can then fund additional projects. How quickly the RLF is replenished and available to fund additional projects depends on project size(s), repayment schedule, and specific RLF design. Internal RLFs, while sometimes considered more of an accounting treatment than a formal fund, can be an effective tool

for using the energy savings from clean energy improvements to fund additional investments. For example, an internal RLF can be tapped in the event of emergency equipment replacements that fall outside the normal budget cycle to ensure that new or unplanned equipment replacements can take advantage of the high-efficiency technology. External RLFs can serve as an additional financing tool available to the market to help grow participation and savings from clean energy investments. EECBG Program funding can serve as seed funding for an RLF. EECBG grantees with ≤\$250,000 available are encouraged to focus on developing internal RLFs.

1

2

3

4

# Key Activities

These selected Key Activities are suggestions of important steps a government could take to begin or make progress on their revolving loan fund financing journey. EECBG Program awardees that utilize a blueprint will receive expedited application review from DOE. Applicants must execute at least one of the key activities listed under each selected blueprint but should avoid going beyond the recommended activities. Going beyond these key activities may trigger additional reviews of your EECBG Program project to ensure you're meeting National Environmental Policy Act (NEPA), historic preservation, and/or other federal regulations. While each step is important, they should be seen as a guide. Awardees should determine their own priority activities based on their local context.

- 1 **Market Analysis and Programmatic Research & Design**
- 2 **Stakeholder Engagement, Education, and Outreach**
- 3 **Legal and Technical Support**
- 4 **Program Evaluation**



1

# Market Analysis and Programmatic Research & Design

Governments should seek to determine broad program design items that are best for their RLF program:

- » Target markets for RLFs (government-owned buildings, commercial, non-profit, or other areas); Ask where is there a gap in access to financing?
- » Determination of an internal or external (or both) RLFs
- » Initial goals of the program (loan sizes, technologies, etc.)
- » Initial terms for loans (interest rates, payment terms and other conditions)
- » A view on initial projects for investment and their readiness

## Key Resource

### State Revolving Loan Funds and Credit Enhancement Mechanisms (NASEO):

The majority of states operate at least one energy RLF, with many using federal and state funds, greenhouse gas auction revenues, bond issuances, and private capital to establish and grow their loan programs. NASEO's site provides a range of information on State Energy Office loan programs including a State Energy Programs Database, a 2-pager overview of RLFs with highlighted programs, and a Financing 101 webinar on RLFs.

## KEY ACTIVITIES

1

2

3

4

# Stakeholder Engagement, Education, and Outreach

Successful programs require broad support and approvals from internal finance leaders and initial approvals from your organization's leadership. External RLFs need to ensure that there is support and participation of multiple types of stakeholders based on the program design items outlined above.

## Case Study

### Montana Alternative Energy Revolving Loan Program

provides low-interest loans to increase investments in alternative energy systems and energy conservation measures in Montana. This webpage includes the program brochure, fiscal year outcomes report, success stories, and loan application and term information.

## Case Study

### Vermont State Colleges Green Revolving Loan Funds -

a number of Vermont State Colleges (VSC) have partnered with Efficiency Vermont in publicly committing to establish green revolving funds. The push for green revolving funds was catalyzed in the fall of 2011 with the announcement of the Sustainable Endowments Institute's "Billion Dollar Green Challenge," which called on colleges and universities to invest a total of one billion dollars in energy efficiency projects.

## KEY ACTIVITIES

1

2

3

4

# Legal and Technical Support

A successful revolving loan fund must follow all relevant rules and regulations. EECBG Program participants should evaluate when specialized support services should be conducted, e.g., legal, accounting, technical or financial support.

## 💡 Case Study

[\*\*EnergizeCT Health & Safety Revolving Loan Fund\*\*](#), administered by the Connecticut Green Bank, helps to fund for Health & Safety improvements in multifamily affordable housing in conjunction with or enabling follow-on energy upgrades and improvements. This summary includes information on funding availability, loan eligibility terms, loan terms and structure, the application process, and application evaluation criteria.

## 💡 Case Study

The [\*\*Texas LoanSTAR \(Saving Taxes and Resources\) Revolving Loan\*\*](#) finances energy-related, cost-reduced retrofits of facilities supported by the state, including public school districts and public colleges and universities, as well as units of local government such as counties, cities, and towns. The program website includes the experience of utilizing the program from an Energy Manager's perspective.

## 🔑 Key Resource

The [\*\*Solar Energy Toolkit: Market Development and Finance \(SolSmart\)\*\*](#) section covers the ownership options for solar energy systems and mechanisms available for local governments to increase the financing opportunities that are available for solar energy systems, including RLFs.



1

2

3

4

## KEY ACTIVITIES

# Program Evaluation

Evaluating the success of your RLF program can serve several important purposes, including being able to assess where your program is hitting its mark, where there is opportunity to adjust, and being able to tell success stories to build ongoing interest in using the RLF as well as maintaining continued support and potential new investments in the fund from your organization's leadership and potential funding partners.

### Case Study

The [Pittsburgh Green Initiatives Trust Fund \(DOE\)](#) allows for a continuous pipeline of energy saving projects and assures City Council that dollars are going to projects that save the City money and pay for themselves. Status report updates and details of measures taken have been incorporated in the City's Climate Action Plan updates.

### Case Study

The [City of Hillsboro Sustainability Revolving Loan Fund \(DOE\)](#) was created in 2010 with a \$51,000 investment. As of fall 2013, approximately \$57,000 had been reinvested back into the SRF from energy cost savings. Project energy performance is tracked by the Sustainability Team using EPA's Portfolio Manager and financial performance is tracked by the Finance Department with an internal spreadsheet. The fund serves as a beacon of success for meeting the City's sustainability goals.