



Efficiency Vermont



Energy Efficiency Financing Programs in Vermont

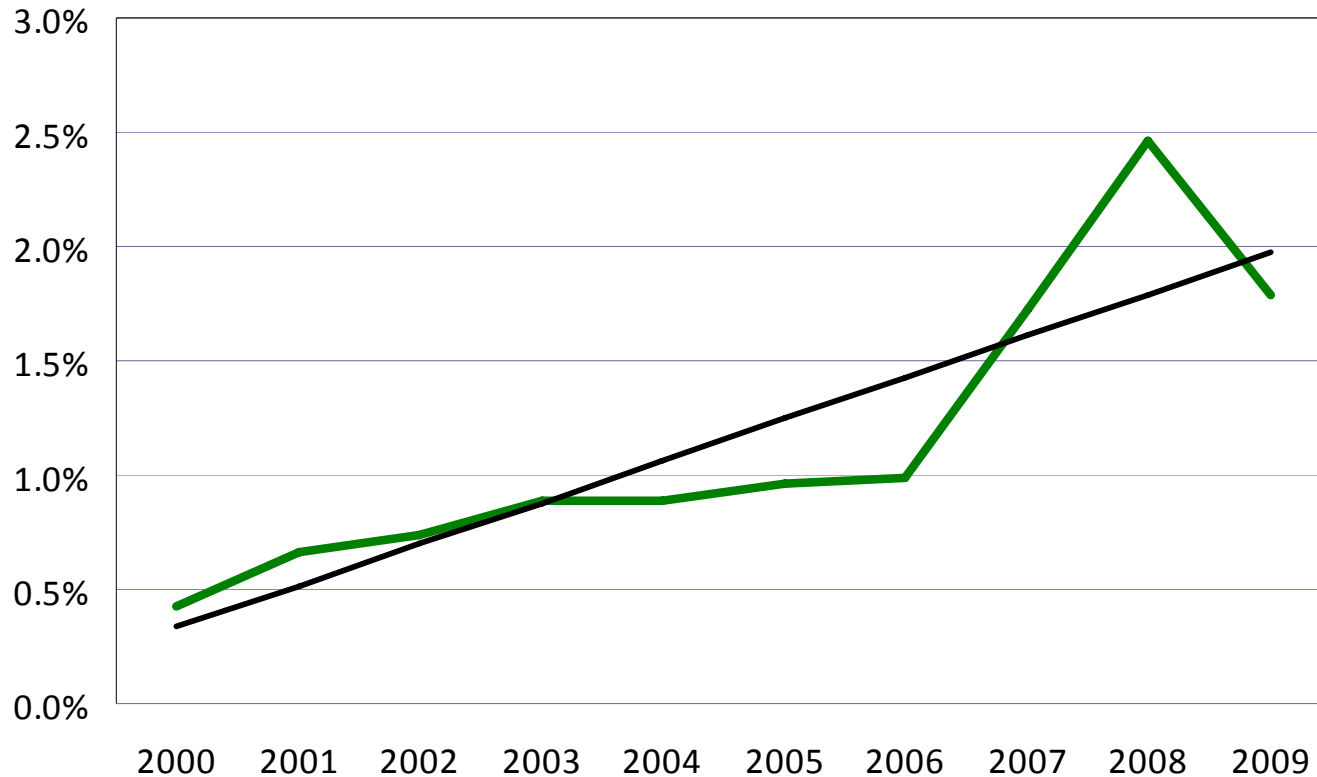
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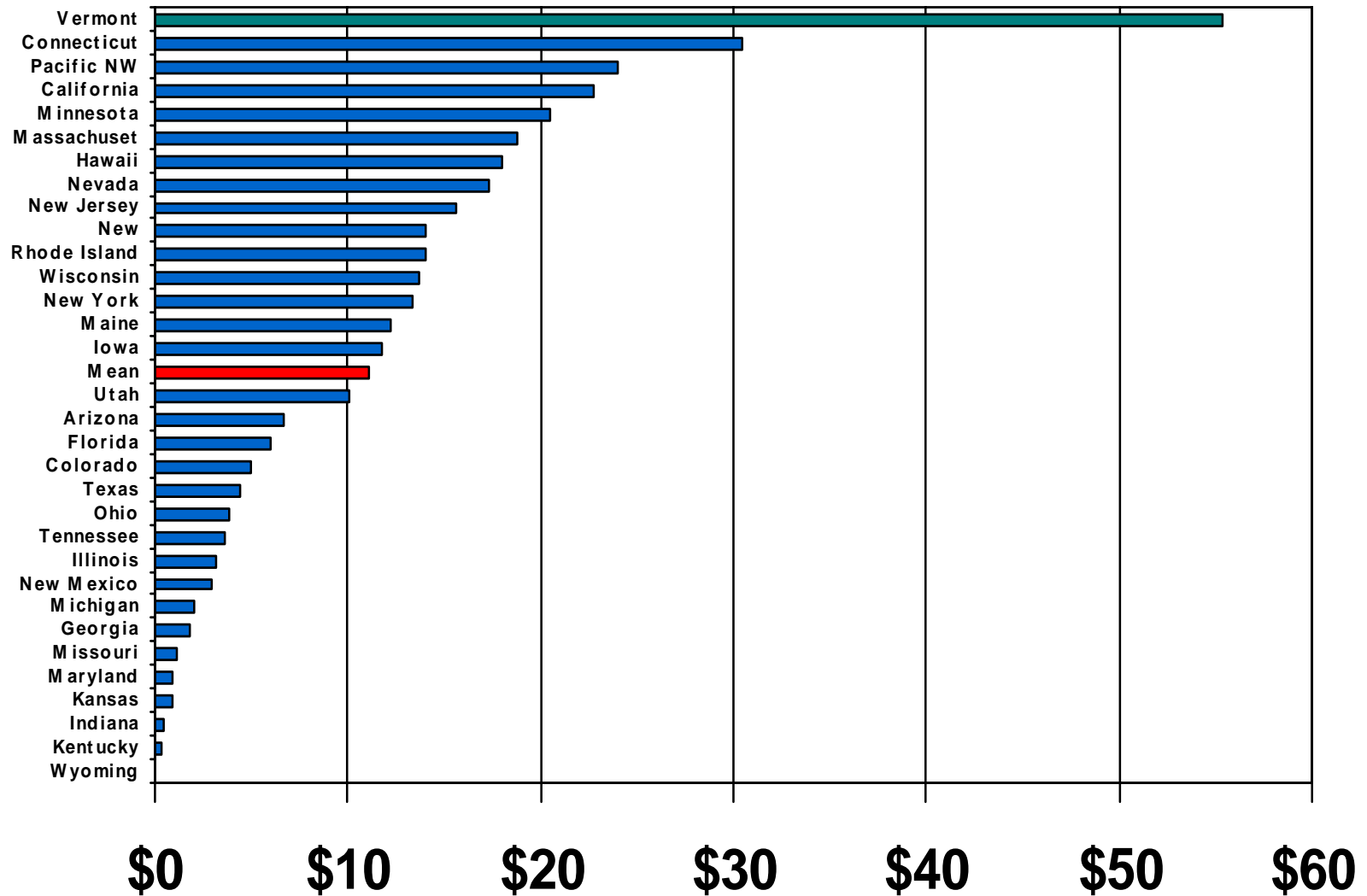
Presentation outline

- Vermont's energy efficiency program
- Presentation of energy savings
- Direct install financing program
- Additional energy efficiency loan programs

Energy efficiency savings as a percent of Vermont's electricity needs



Vermont leads in energy efficiency investment



2008 per capita budgets, electric programs (excluding load management)

So you want to understand how CEOs and CFOs think?

80 percent of CEOs and CFOs said they would not spend money to make their factories more efficient and save money in the long run if it hurt their next-quarter bottom line.

"That," says Al Gore, "is functionally insane."

- *Newsweek*, November 9, 2009

Example: Commercial project cashflow with financing



Project Cashflow

Project Costs

Project Cost: \$ 365,355
Amount Financed: \$ (224,355)
Initial Customer Investment: \$ 56,000

Investment Performance

Internal Rate of Return: 42.6%
Payback Period (Years): 3.4

Financing Terms

Loan Rate: 5.25%
Loan Term (Months): 60

Annual Electricity Savings
Energy (kWh): 1,068,002

Example: Commercial project cashflow with financing, continued



Year	Net Operation & Maintenance Savings (Costs)	Annual Electric Savings (Costs)	Annual Fuel Savings (Costs)	Annual Payments (Principal & Interest)	Net Annual Cashflow	Net Cumulative Cashflow
0				\$ (56,000)	\$ (56,000)	\$ (56,000)
1	\$ -	\$ 88,310	\$ (20,703)	\$ (51,115)	\$ 16,492	\$ (39,508)
2	\$ 195	\$ 88,310	\$ (20,703)	\$ (51,115)	\$ 16,687	\$ (22,822)
3	\$ (180)	\$ 88,310	\$ (20,703)	\$ (51,115)	\$ 16,312	\$ (6,510)
4	\$ 490	\$ 88,310	\$ (20,703)	\$ (51,115)	\$ 16,982	\$ 10,472
5	\$ 2,596	\$ 88,310	\$ (20,703)	\$ (51,115)	\$ 19,088	\$ 29,561
6	\$ (7,278)	\$ 88,310	\$ (20,703)	\$ -	\$ 60,329	\$ 89,889
7	\$ (358)	\$ 88,310	\$ (20,703)	\$ -	\$ 67,249	\$ 157,138
8	\$ 6,413	\$ 88,310	\$ (20,703)	\$ -	\$ 74,020	\$ 231,158
9	\$ (4,852)	\$ 88,310	\$ (20,703)	\$ -	\$ 62,755	\$ 293,913
10	\$ 20,181	\$ 88,310	\$ (20,703)	\$ -	\$ 87,788	\$ 381,702

“Lighting Plus” Direct Install Financing

Eligibility

- located in “Geo-Targeted” area
- typically using 40 to 500 MWH per year
- no late electric payments in last year

Measures

- Lighting, controls, motors, refrigeration, HVAC
- Average project \$10,000-\$20,000
- Simple payback typically <4 years

“Lighting Plus” Direct Install Financing

- Cash offer – customer pays 1 year savings (~20%)
- Financing offer - customer pays 1.5 year savings over 2 year term (~30%)
- Loans \$1,000-\$20,000
- Related non-efficiency work may be included, not to exceed 50% of total

“Lighting Plus” Direct Install Financing

- Rate: 6% - market rate minimizes free ridership
- Term: 2 years, positive cash flow
- Unsecured loan with no credit check
- One page loan application, pre-approved
- Secured by Efficiency Vermont deposits at credit union
- Expected default rate <1%

Commercial project financing

VT Economic Development Authority (VEDA)'s

VT Business Energy Conservation Loan Program

- Joint program with Efficiency Vermont
- Loans from \$5,000 to \$150,000 (loan may fund up to 75% of project cost)
- Maximum loan term of five years
- Variable rate as low as WSJ Prime minus 3%, with a floor of 2%. Rate applies for the first 3 years of the loan

Vermont Business Energy Conservation Loan Program

Results to date:

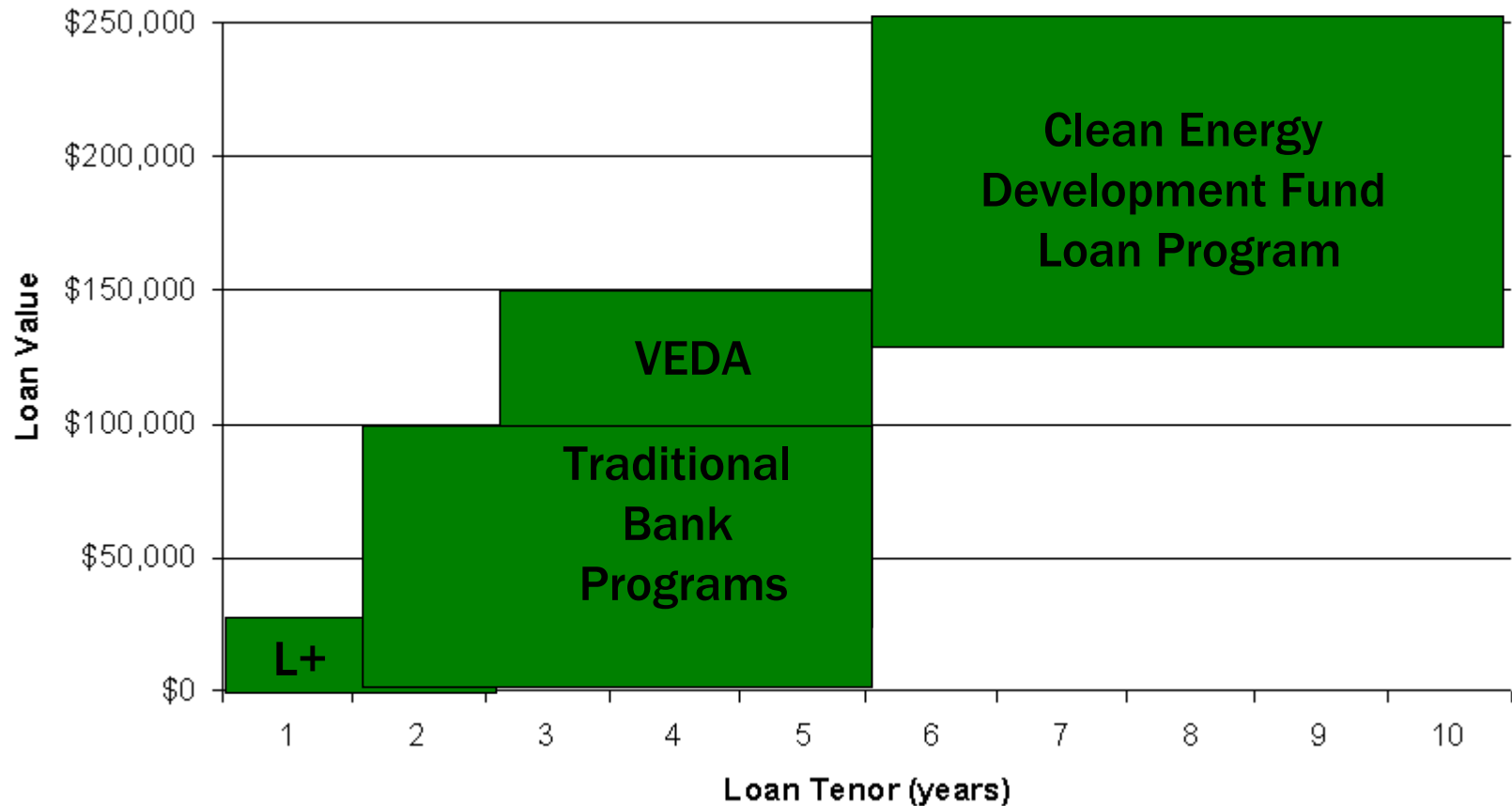
- Average loan \$70,000
- Take-up has been slower than hoped
- Issues with process flow – technical assessment must come before financing
- Coordination needed with other available incentives, credits and loan programs

Vermont Clean Energy Development Fund Energy Loan Program

Anticipated program parameters:

- Energy efficiency and renewable energy projects are eligible
- Loan may fund up to 90% of the cost of a project
- Loans up to \$250,000, or \$500,000 with Board approval
- Maximum loan term of ten years
- Variable rate as low as WSJ Prime minus 3%, with a floor of 2%. Rate applies for the first 3 years of the loan

Vermont commercial energy efficiency integrated financing programs



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