# Draft Proposal
## for an
# Indiana Energy Efficiency Revolving Fund Program

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# Objective:
# Capacity Extension Through Efficiency

Launch a *self-sustaining* Indiana Energy Efficiency Revolving Fund (IEERF) program focused on assisting public entities, colleges and universities, public schools, not-for-profit organizations, and potentially other large energy consumers.

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# IEERF Focus

- To complement the current Utility Efficiency Program under review, focus will be on larger projects with:
  - Significant energy savings
  - Relatively short payback periods
  - The necessary cash flow capacity to replenish the revolving fund
  - High capital costs that perhaps exceed an entity's internal funding capacity
  - A commitment to third-party verification to confirm actual energy savings

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# Oversight and Management

- Established under the general authority of the IURC, potentially administered by the IFA
  - The IURC will have complete oversight authority on IEERF program design and operations, and will provide final approval of all funding requests
- Advisory/Oversight Board
  - Comprised of IURC members, participating utilities, entities seeking efficiency loans, and other relevant pubic and private organizations
- Fund would be managed by a newly created IEERF Program Office (PO)
  - PO will create Technical and Financial / Legal Review Panels (TRP and FLRP)

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# Conceptual Design

- IURC forms IEERF w/ $5m-$8m initial capital, from utilities, USDOE, & State of Indiana
  - Loans from Utility share may be limited to services areas
  - Utilities able to treat this investment as eligible for recovery in their asset base (Asset life & other details TBD)
- IEERF would then issue loans to approved projects for eligible entities
  - IEERF loans up to 100% of approved efficiency investments
  - Recipients of such loans are responsible 100% of the loan
  - Repayment would be *partially* offset by compensation from the borrower's utility, based on verified actual savings
  - Such compensation will come from the utilities' annual energy efficiency commitment (and may also be treated as recoverable investment)

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# Operating Procedures

- Qualified entity submits proposal to PO
- PO launches review through the Technical and Financial / Legal Review Panels
- If approved, a recommendation is submitted to the IURC
- If approved by the IURC, applicant is eligible for an IEERF loan under predetermined T&Cs
    - All approvals will require that the applicant is liable for full amount of loan

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# Disbursements

- Vendor contracts will contain performance guarantees & holdback provisions
- Disbursements will only be made to pay vendor invoices approved by the PO
- After the initial payment, all disbursements will be predicated upon receipt and approval of progress reports from the PO
- W/ completion & 3rd party verification, entity will be compensated by its utility for actual savings (up to a predetermined share of the initial project cost)

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# Key Statutory, Regulatory and Budgetary Issues

- Authority to create fund
- Ability to treat Utility contributions to Fund (& potentially the savings compensation payments) as recoverable investment (as well a regulatory guidance)
- Structure to eliminate potential or perceived IURC conflict of interest
- Guidance on how to include participation by Municipal Utilities and REMCs not under IURC authority
- Support for ongoing administrative costs, once Fund is established

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# Thank You

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