

Layton, Kimberly

From: Juwibq@aol.com
Sent: Monday, May 05, 2014 10:11 AM
To: Comments, Urc
Cc: jim.w.wheeler@gmail.com; Irwin, Marty
Subject: Suggestions on an Energy Efficiency Program
Attachments: DraftEEProposalRev3.pptx

Attention: General Counsel Beth Krogel Roads

Pursuant to our earlier discussions, I am attaching our Power Point presentation that has been slightly modified to reflect your thoughts during our meeting.

With kind regards,

William H. Quayle
Co-Founder
PQR Energy, LLC



Draft Proposal
for an
Indiana Energy Efficiency
Revolving Fund Program

PQR Energy, LLC
Bill Quayle -- Jim Wheeler

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.



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



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 public 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)



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)



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



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)



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



Thank You

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