

Efficient Buildings Fund

Frequently Asked Questions

Fall 2022

Section 1: Program Background

1. What is the Efficient Buildings Fund?

The Efficient Buildings Fund (EBF) is a revolving loan fund that provides below-market, long-term financing to Rhode Island municipalities, school districts, publicly-owned utilities such as wastewater and drinking water facilities, and quasi-state entities. EBF loans can be used for the completion of energy efficiency and renewable energy projects, including project bundles spanning multiple facilities. The EBF is administered jointly by the Rhode Island Infrastructure Bank (RIIB) and the Office of Energy Resources (OER).

2. How does it work?

Eligible entities can apply to the EBF for project financing for measures that will conserve energy or produce clean energy. Loans made through the EBF may be repaid over a period of up to 20 years and can be structured to meet the repayment abilities unique to each borrower. Borrowers receive a below-market interest rate and the energy savings achieved by the project must exceed the debt service. Projects must be on OER's Project Priority List and are awarded financing based on readiness to proceed, credit approval and availability of funds. Relative Project Priority List ranking can impact availability of funds.

3. Is there a cap on the amount of funding that can be requested?

No, there is no maximum loan amount. The minimum loan amount is \$100,000. EBF loan sizes have ranged from \$100,000 to over \$20 million. Applicants are encouraged to propose comprehensive, multi-facility projects.

4. What is the financial structure of the loan?

Financing will be provided in the form of a below-market, fixed-rate interest loan. Borrowers choose their preferred loan term between one and twenty years. Loan terms must be equal to or shorter than the expected useful life of the installed equipment.

5. Is there an interest rate subsidy?

Yes. Interest rates are set at the time of loan closing at 33% below market rates.

6. Does the program include project development support?

Yes. Services included in EBF for all interested borrowers are free application assistance and high-level scoping support. This helps interested borrowers prepare and submit an application.

For a deeper level of technical assistance, communities are encouraged to apply for RI Infrastructure Bank's Energy Asset Management Program, which provides free 3rd-party technical support to public entities to develop and implement an Action Plan. More information is available via the Energy Asset Management Program [flyer](#) and [application](#). The Energy Asset Management program can:

- evaluate if community energy use is within typical industry standards
- assess energy strengths and weaknesses across the community
- develop or update an Action Plan based on community-specific needs
- provide implementation support including low-cost, cash-flow positive financing

Public entities can [request free no-obligation energy audits](#) from Rhode Island Energy. If the facilities you would like to audit are not within Rhode Island Energy's territory, contact Steven Chybowski with the Office of Energy Resources at steven.chybowski@energy.ri.gov.

Section 2: Eligibility

7. Who is eligible for the EBF?

Eligible organizations include municipalities, schools, publicly owned utilities, such as wastewater or drinking water facilities, and quasi-state entities.

8. What is eligible?

Energy efficiency and renewable energy projects are eligible for the EBF. Projects must be listed on the RI Office of Energy Resource's Project Priority List. The Project Priority List qualification process ensures projects are cost-effective, meaning that the savings can cover the debt service.

Energy efficiency projects Examples include lighting, controls, mechanical systems, HVAC equipment, motors and drives, LED streetlights, electric vehicle supply equipment (EVSE), and more.

Renewable energy projects Examples include solar photovoltaic systems and wind systems 100kW or greater with direct drive nacelle. If you are interested in proposing a project featuring renewable energy technology other than solar PV or wind, contact Shauna Beland with the Office of Energy Resources at Shauna.Beland@energy.ri.gov.

Bundled projects Multiple measures may be pursued at one time. Individual measures do not need to be cost-effective (defined here as savings exceeding loan debt service) if they are combined with other measures resulting in a cost-effective total. EVSE and energy storage technologies are only eligible if they are bundled with other energy efficiency measures or renewable energy projects that can demonstrate savings greater than the debt service.

Enabling measures Enabling measures, such as electric panel upgrades, can be covered as allowable project costs if they are bundled with investments that provide energy savings and the total project scope has energy savings greater than the annual debt service.

New construction Cost-effective energy efficiency measures that are above base building code as a part of a new construction project are eligible for financing. The eligible financing amount for new construction projects will be based on a calculation of the expected energy savings above Rhode Island's base energy code.

Previously completed projects Energy efficiency measures implemented within the last two years and not previously financed through EBF can be counted toward savings in the energy efficiency evaluation. For example, LED lighting installed last year could be included in a savings proposal as part of a larger energy efficiency project.

Refinancing Eligible entities may apply to refinance a previously installed project. Refinancing applications will be ranked below any new financing applications on the PPL. The previously installed project must meet all requirements of the EBF rules and regulations.

9. What is ineligible?

Only new equipment can be financed through the EBF. Remanufactured, refurbished, slightly used, or new equipment transferred from a previous location are ineligible expenses.

10. Can EBF finance school projects?

Yes. In addition to EBF financing, Rhode Island school projects may also seek funding from the Rhode Island Department of Education's Housing Aid Program and the School Building Capital Fund. We are happy to support projects with multiple funding sources and will work with all stakeholders to ensure projects receive maximum subsidies and incentives. The newly built East Providence High School is one example of a project that received funding from both the EBF and the Rhode Island Department of Education.

11. What types of projects score well during the application process?

- Comprehensive energy efficiency projects that include a good balance of electric, heating, and non-lighting measures, and achieve at least a 20% reduction in total energy usage of the facilities will score well. Free technical assistance offered in the application process can help determine energy savings.
- Renewable energy projects that are expected to have a high energy output and low price per watt installation cost will also score well.
- Applicants that propose both energy efficiency and renewable energy projects will receive additional points. Applicants in Distressed Communities will also receive additional points.

12. What is a Distressed Community?

Distressed communities are communities that have been appropriated assistance from the State's Distressed Communities Relief Fund program in the fiscal year in which it submits an EBF application. For more information regarding distressed communities, please review R.I. Gen. Laws Chapter 45-13-12.

13. Is a savings guarantee required for energy efficiency projects?

No. A savings guarantee is not required and performance contracts are not necessary.

14. Are third-party owned assets eligible?

Applicants must have some financial equity in the asset to be eligible. However, a third-party entity may control a majority of ownership of the asset. The applicant must be the sole off-taker or host customer of the asset.

Section 3: Application Process

15. When are Project Priority List application rounds held?

Application rounds are typically twice a year in the spring and fall, with a minimum of one round per year. All funding rounds will be publicly posted to [OER's website](#) and open to all interested and eligible applicants.

16. When is financing available?

To ensure financing availability, the optimal time to close a loan is immediately after the Project Priority List is posted. However, EBF aims to make financing available when the project needs it and loans can close year-round. Loans are closed contingent on borrower readiness to proceed and availability of program funds.

17. How can I apply?

EBF consists of a two-part application process:

1. **Project application with OER.** Communities apply to OER's Project Priority List. OER ranks and scores project applications based on a transparent scoring criterion and the EBF Program holds at least one funding round per year.
 - A. Applications can be found on [OER's EBF website](#). There are separate application forms for energy efficiency project proposals and for renewable energy project proposals. Energy storage systems and electric vehicle charging equipment paired with renewable energy should be included on the renewable energy project proposal. Energy storage systems and electric vehicle charging equipment paired with energy efficiency projects should be included on the energy efficiency proposal.
 - B. Applications for retrofit projects must include an ASHRAE level I facility energy audit. Communities can request free energy audits using this [online form](#). The utility company will work with you to schedule and conduct the audit.
 - C. Please contact OER or RIIB if you are interested in complementary consultant assistance in completing this application.
2. **Financial application with RIIB.** Communities apply to RIIB with a financial application. RIIB's Board of Directors reviews financing applications monthly.
 - A. Please contact RIIB to apply.

- B. Approved projects are awarded financing based on Project Priority List ranking, readiness to proceed, and availability of funds. A project must be listed on the Project Priority List to receive financing. Loan closing dates for approved projects are coordinated at mutually agreeable times between RIIB and the borrower.

18. Is town council or school committee approval needed?

Borrowing authority is required for EBF loans and may necessitate town council or school committee approval. Please work with your legal counsel to determine what is necessary for your project.

19. What are the reporting requirements after a loan closes?

At OER's discretion, borrowers will be required to report energy use for at least five years following loan closing and have in place, or develop, an Energy Management Plan within six months of loan closing.

Section 4: Resources and Contacts

20. How can I learn more?

The following resources and case studies are available.

Resources

- [OER Program Page](#)
- [RIIB Program Page](#)
- [Governing Rules and Regulations](#)

Case Studies

- [Westerly Energy Profile Case Study](#)
- [Pawtucket Case Study](#)
- [Rhode Island's First Battery Storage Facility: Pascoag Utility District Case Study](#)
- [Building Energy Efficiency Into East Providence's New High School](#)

21. Who can I contact for more information?

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