

# **WHAT IS AN ENERGY REVOLVING LOAN FUND?**

**PRESENTED BY ANN JANDA, CHITTENDEN COUNTY REGIONAL PLANNING COMMISSION**

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# A SPECIAL FUND TO PAY FOR ENERGY PROJECTS

- **DEFINITION:** A fund that finances energy projects within an organization
  - **PROCESS:** Savings created by the projects are used to replenish the fund
  - **ADMINISTRATION:** Savings go into the fund until amount is paid back
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# SOUTH BURLINGTON RESERVE FUND EXAMPLE



**Year created:** 2019

**Annual Income:** \$100,000

**Source of Capital:** income from solar array on former landfill

**Administration:** Energy Coordinator and Finance Director

**Typical pay back period:** 3 to 20 years

# SOUTH BURLINGTON PROJECT EXAMPLES



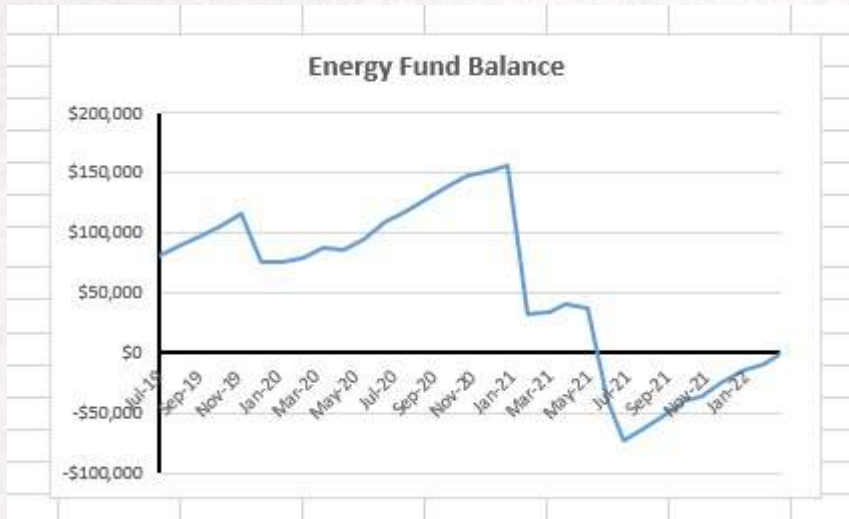
- LED Lights – Police Station and Street Lights
- Corner Insulation – Public Works
- Power Factor Capacitor – No Power Saved but \$\$\$\$\$



- Small Landscaping Equipment – Battery powered weed wackers, chain saws, etc.
- Hybrid Car



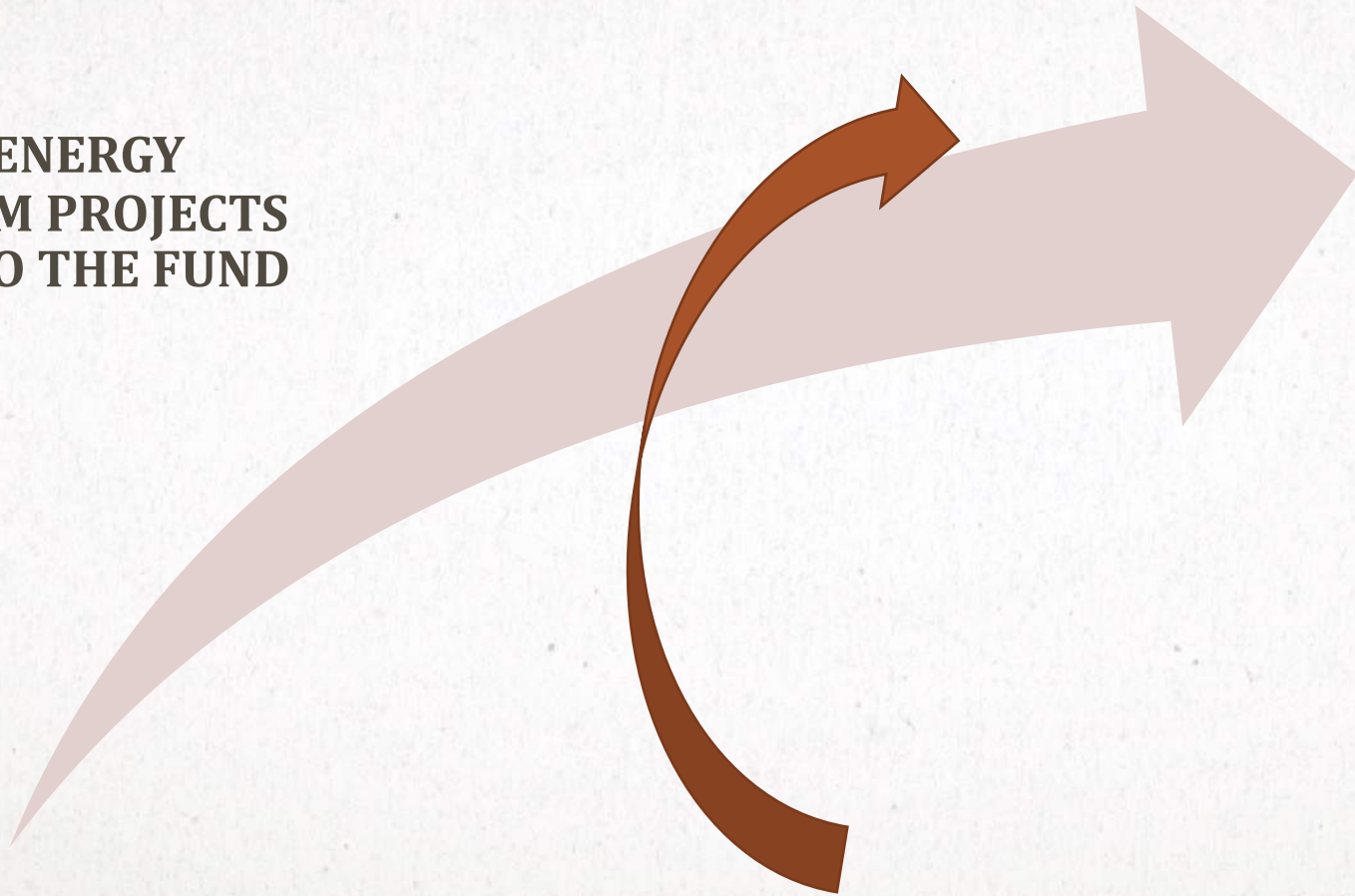
# SOUTH BURLINGTON FUND ADMINISTRATION



			FY20												FY 21
			Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20
<b>Income</b>															
Solar Array	Actual	\$77,726.84	\$8,682.83	\$8,288.82	\$8,364.69	\$9,292.86	\$10,217.19	\$4,003.86	3,697.55	\$3,806.95	\$7,662.09	\$10,733.75	\$9,456.23	\$9,761.90	\$9,929.23
Solar Array	Cum Solar	\$77,726.84	\$86,410	\$94,698	\$103,063	\$112,356	\$122,573	\$126,577	\$130,275	\$134,082	\$141,744	\$152,477	\$161,934	#####	#####
City Hall Solar	Actual														
Police Station Lights	Actual							\$12,000.00						\$2,840.40	\$315.60
Vermont Gas Rebate	Actual														
Power Factor Capacitor	Actual														\$351.17
Stewardship Fund	Actual	\$5,820.00												\$4,950.53	
<b>Total Income Actual</b>		\$77,726.84	\$14,502.83	\$8,288.82	\$8,364.69	\$9,292.86	\$10,217.19	\$16,003.86	\$3,697.55	\$3,806.95	\$7,662.09	\$10,733.75	\$9,456.23	\$17,552.83	\$10,596.00
<b>Cum Total Income Actual</b>	Cum Total	\$77,726.84	\$92,229.67	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####	#####
<b>Liabilities</b>															
City Hall -Solar	Actual														
Police Lights	Actual							\$55,292							
Power Factor Capacitor	Actual											\$7,000.00		\$2,053.68	
Building Study	Actual							\$1,207.50	\$4,255.00						
Street & Traffic Lights	Actual					1,198.20	\$79.48								
Public Works Ventilation	Actual														
Public Works Insulation	Actual											3,485.00		3,485.00	
Small Electric Tools	Actual														
Public Works Thermostat	Actual											1,825.00			
<b>Total Expense Actual</b>			\$0.00	\$0.00	\$0.00	\$1,198.20	\$79.48	\$56,499.50	\$4,255.00	\$0.00	\$0.00	\$12,310.00	\$0.00	\$3,485.00	\$2,053.68
<b>Cum Total Expense Actual</b>	Actual	\$10,331.32	\$10,331.32	\$10,331.32	\$11,529.52	\$11,609.00	\$68,108.50	\$72,363.50	\$72,363.50	\$72,363.50	\$84,673.50	\$84,673.50	\$88,158.50	\$90,212.18	
<b>Fund Balance</b>	Actual		\$81,898	\$90,187	\$98,552	\$106,647	\$116,784	\$76,289	\$75,731	\$79,538	\$87,200	\$85,624	\$95,080	\$109,148	\$117,690

# HOW SOUTH BURLINGTON GROWS THE FUND

**80% OF THE ENERGY  
SAVINGS FROM PROJECTS  
GOES BACK TO THE FUND**



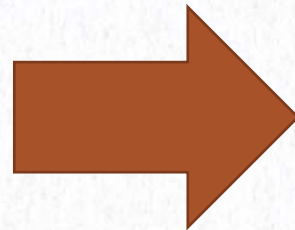
**UNTIL 125% OF THE  
PROJECT COST IS REPAYED**

# SOUTH BURLINGTON SAVINGS DETERMINATION

Police Station Lighting	
Efficiency Vermont calculated savings based on wattage reduction was \$396.00 per month	
80% savings is per month	\$316.80
Project cost was	\$55,292.00
Time (years) to pay back 125% of cost =	18.18
Power Factor Capacitor	
Savings were based on a previous year experience with power factor costs	\$5,267.59
Current costs are zero	
80% savings is	\$351.17
Project cost was	\$10,750
Time (months) to pay back cost =	38.26
Hybrid Car Purchase	
Savings will be assumed to be cost of gasoline for miles driven of previous year starting Sept. 2021	
Current costs are zero	
Current Mileage	
Previous Mileage	
Gas price	
mpg if not hybrid	30
Savings	
80% savings is	
Project cost was	\$4,000
Months to pay back cost = 36	36

# KEY STEPS TO SOUTH BURLINGTON'S SUCCESS:

1. **Clear outline** of goals and benefits
2. **Strong advocacy** by Energy Committee, City Manager, and Finance Director
3. **Project priorities** identified early
4. **Partnerships** with Efficiency VT and VGS to identify projects
5. **Source of income** identified
6. **Simplified** administration of the fund

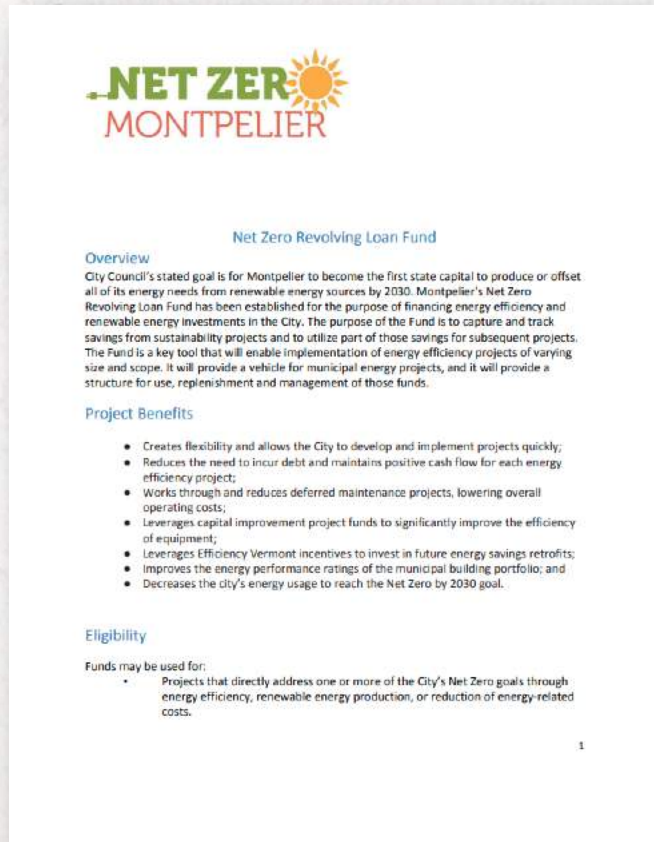


Resulted in

- ✓ City Council Support
- ✓ Approval of Energy Coordinator
- ✓ Resolution to approve the fund passed



# MONTPELIER RESERVE FUND EXAMPLE



**Year created:** 2016

**Fund Size:** \$30,000

**Source of Capital:** \$20,000 in seed money

**Administration:** City staff with the support of the Montpelier Energy Advisory Committee and

Green Revolving Investment Tracking System [www.GreenBillion.org/GRITS](http://www.GreenBillion.org/GRITS) a customizable web-based project management tool for planning, tracking, and organizing GRF projects.

# CRITERIA FOR PROJECTS – HARVARD EXAMPLE



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## Green Revolving Fund

A \$12 million revolving loan fund that provides up-front capital for projects that reduce Harvard's environmental impact.

- Reduce greenhouse gas emissions
- Reduce energy use
- Reduce water use
- Reduce sewage or stormwater
- Reduce pollutants
- Improve operations
- Educate occupants
- Install renewable energy

Source: <https://green.harvard.edu/programs/green-revolving-fund>

# POSSIBLE PROJECTS TO BE FUNDED

- HVAC conversion to electricity
  - Lighting transition to LED
  - Installation of rooftop solar
  - Installation of electric vehicle charging stations
  - Weatherization
  - Electric vehicles and equipment
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# HOW TO GET A FUND STARTED

## SETTING UP THE FUND

- Legislative body must adopt a policy to establish the fund that should:
  - Designate a funding source or sources to start and/or provide income
  - Set the effective date and possible sunset date
  - Designate approved uses and any parameters

## DEVELOPING THE PROCESS

- The fund would be considered a Special Revenue Fund
- Work with a finance director, accountant, or consultant to set up the fund
- Create criteria for projects
- Create process for determining savings to pay back the fund

# POSSIBLE ONGOING FUNDING SOURCES

- A net metered energy project like South Burlington
  - Start with seed money like Montpelier
    - Consider use of excess revenue due to ARPA to seed a fund
  - Penny for climate change – a new tax with designated purpose (requires residents to vote for approval)
  - New line in the general fund budget called “transfer to RLF” - approve as part of the regular budget cycle
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# CONTACTS FOR QUESTIONS AND ASSISTANCE

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