

May 6, 2022

Re: DE-FOA-0002716: Notice of Request for Information (RFI) on Designing Equitable, Sustainable, and Effective Revolving Loan Fund Programs

Submitted via email: EERevolvingLoanFund@ee.doe.gov

The Business Council for Sustainable Energy (BCSE) appreciates the opportunity to respond to the Request for Information (RFI) from the U.S. Department of Energy (DOE) on behalf of the Office of Energy Efficiency and Renewable Energy (EERE), related to designing equitable, sustainable, and effective revolving loan funds (RLF).

Through these comments, BCSE will share the perspectives as DOE seeks to create program guidance that will assist States, as well as potentially other entities, in designing, managing, and improving RLFs.

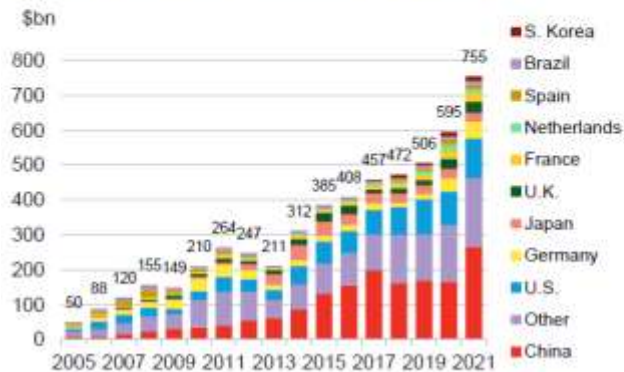
The Council, founded in 1992, is a broad-based clean energy trade association. Its members span many industry sectors, including energy efficiency, energy storage, natural gas, renewable energy, sustainable transportation and emerging decarbonization technologies. BCSE also has an independent small- and medium-size businesses initiative under its banner, the Clean Energy Business Network (CEBN). Together, the BCSE and CEBN represent a broad range of the clean energy economy, from Fortune 100 companies to small businesses working in all 50 states supporting over 3 million U.S. jobs.

BCSE commends Congress and the Biden Administration for enactment of the IIJA and seeks to serve as a resource to federal agencies implementing the IIJA programs.

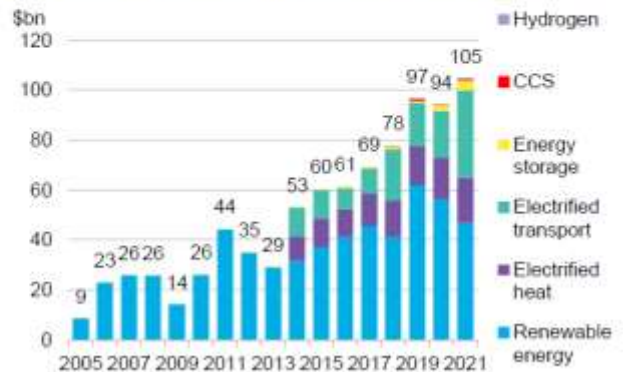
According to the [2022 Sustainable Energy in America Factbook](#), published by BloombergNEF in partnership with the BCSE, global private investment in the energy transition soared in 2021 to \$755 billion, with the U.S. setting a record of \$105 billion. This represents an 11 percent year-on-year increase for the U.S., and a 70 percent increase over the past five years. The 2021 total included \$47 billion in renewable energy (45 percent), \$35 billion in electrified transport (34 percent) and a doubling of hydrogen investments to \$200 million in 2021. Further, through IIJA, the U.S. federal government made an unprecedented \$80 billion pledge to support the deployment of clean energy and energy efficiency, with the aim of leveraging significant private sector investment.

Finance: Energy transition investment

Energy transition investment, by country



U.S. energy transition investment, by sector



RLFs offer opportunity for enhanced market signals and leveraged private capital into these critical sectors. As such, the Council offers the following comments in response to the RFI. Of note, as a diverse coalition, not all members take a position or endorse the recommendations included in this submission. Further, BCSE wishes to thank the Building Performance Association, E4TheFuture, the National Association of State Energy Officials, and the U.S. Green Building Council for their contributions to the BCSE submission.

General Recommendations for DOE to Improve the Design and Management of RLFs

- Release Funds Expeditiously:** It is critical that the funding is released to the States as quickly as possible in order for the States to act expeditiously to meet the requirements of the statute. Given the relatively low level of funding to each state and the complexity around standing up loan programs, we recommend that DOE release the funding, in full, as quickly as possible instead of gradually distributing it over future years. DOE should also clarify the states that are eligible for funding.
- Issue Program Guidance:** BCSE recommends that DOE issue guidance, even preliminary guidance, as soon as possible and address all of the issues in this submission. States will be working with local governments and private sector partners to leverage financing and retrofit approaches from a variety of funding sources. Early guidance that facilitates this work now will deliver earlier successes. This will also allow States to plan programs and reduce the back and forth of questions with DOE.

- **Offer an Expansive Definition of an RLF:** Based upon the experiences of businesses, local communities, States and stakeholders with financing clean energy and energy efficiency projects, we urge an expansive definition of RFL be adopted by DOE. Sometimes, the appropriate structure for a financing option is a traditional RLF; in other cases, it may be a blended loan program in partnership with private banking institutions (such as the Nebraska Dollar & Energy Savings Loan fund), a hybrid grant-loan program to address non-energy efficiency needs such as resilience or health and safety measures, a rebate program, or a credit enhancement mechanism to spur private sector activity, including a Loan Loss Reserve or subordinate tranche of funding that could revolve within the fund. As these funds are limited to just 25% of the allocation, an expansive definition will maximize the positive impacts of the RLF program and enable loan product offerings that are structured to best support state, local, and private sector needs and markets.
- **Clarify Amortization for Leveraged Financing:** The statute directs that a loan must be fully amortized by the earlier of their expected useful life or 15 years after those upgrades or retrofits are installed. BCSE recommends that DOE clarify that for leveraged financing, amortization is able to be set at a shorter time frame, as long as it is deemed cost-effective by the applicable audit. Specifically, DOE should clarify that leveraged financing can be set at 10 years for residential and as low as 7 years for commercial. Further, DOE should clarify that pre-paying a loan prior to its amortization shall be allowed without penalty.
- **Clarify Leveraging of Funding Resources:** BCSE urges DOE to clarify that funds utilized by the States to capitalize revolving loan funds may be used alongside other funds or financing mechanisms (such as C-PACE and performance contracting) without changing the character or reporting of those other funds.
- **Clarify the Types of Buildings that Can Qualify for RLF capital.** Historically, states, the private sector, and DOE have included public buildings, including municipalities, universities, schools, hospitals, as commercial buildings, and detached, small, multifamily, and manufactured housing units as residential buildings. The breadth in these definitions is responsive to the variety of building types that need energy improvements and provide important community economic and resilience benefits, and this expansive view is helpful to funding projects in underserved and marginalized communities. DOE should therefore keep the definition of qualifying buildings as broad as possible to ensure that RLF funding can reach communities in all sectors of a state's economy.

- **Clarify, Streamline, and Minimize Program Reporting Requirements.** Funds provided by the American Recovery and Reinvestment Act (ARRA) maintained their federal character in perpetuity, resulting in the need for RLF programs supported by ARRA funds to provide extensive reporting to DOE well after the initial pool of funds was expended, straining program resources and capacity. BCSE encourages DOE to streamline and minimize RLF Program requirements and reporting to maximize states' focus on the successful implementation and delivery of financing. Additionally, DOE should consider allowing the funds to be exempt from federal reporting once they have been revolved through the fund once and abstaining the interest received by these loans from Federal characteristics. Finally, funding that is made available by a state to support the direct lending of the RLF should remain exempt from federal reporting requirements.
- **Provide Flexibility in Program Administration Options.** State Energy Offices, a primary implementer of RLFs, vary greatly in terms of their size, their staff's expertise in financing programs, and their bandwidth to take on large programs. Some states may be well-positioned to administer the RLF program in-house, while others may choose to work with trusted third-party implementation partners. Others may be further interested in streamlining program administration by sharing third-party services with other states. BCSE suggests that DOE give states the option to administer RLF programs based on their priorities, partnerships, and bandwidth. DOE may also wish to consider providing a list of vetted third-party administrators that states could utilize as third-party managers of RLFs.
- **Enable Various Energy Audit Options.** A building audit is required to use RLF Program capital. BCSE recommends that DOE allow both traditional (in-person) audits as well as remote audits or Home Energy Scores, so long as the remote audits conform to an ASHRAE standard or equivalent quality control.

Should you wish to discuss these comments further, I can be reached at any time by email at ljacobson@bcse.org.

Sincerely,



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