



Governor's Energy Office

Financing Options

“The Mission of the Governor’s Energy Office is to lead Colorado to a New Energy Economy through energy efficiency, renewable and clean energy resources”





**President Barack Obama
in Denver to Sign the Economic Stimulus Bill into Law
February 17, 2009**

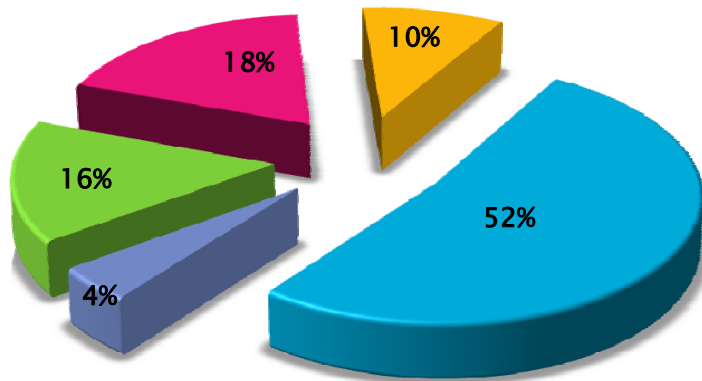
Bringing It Home

- »» What the ARRA will mean for Colorado



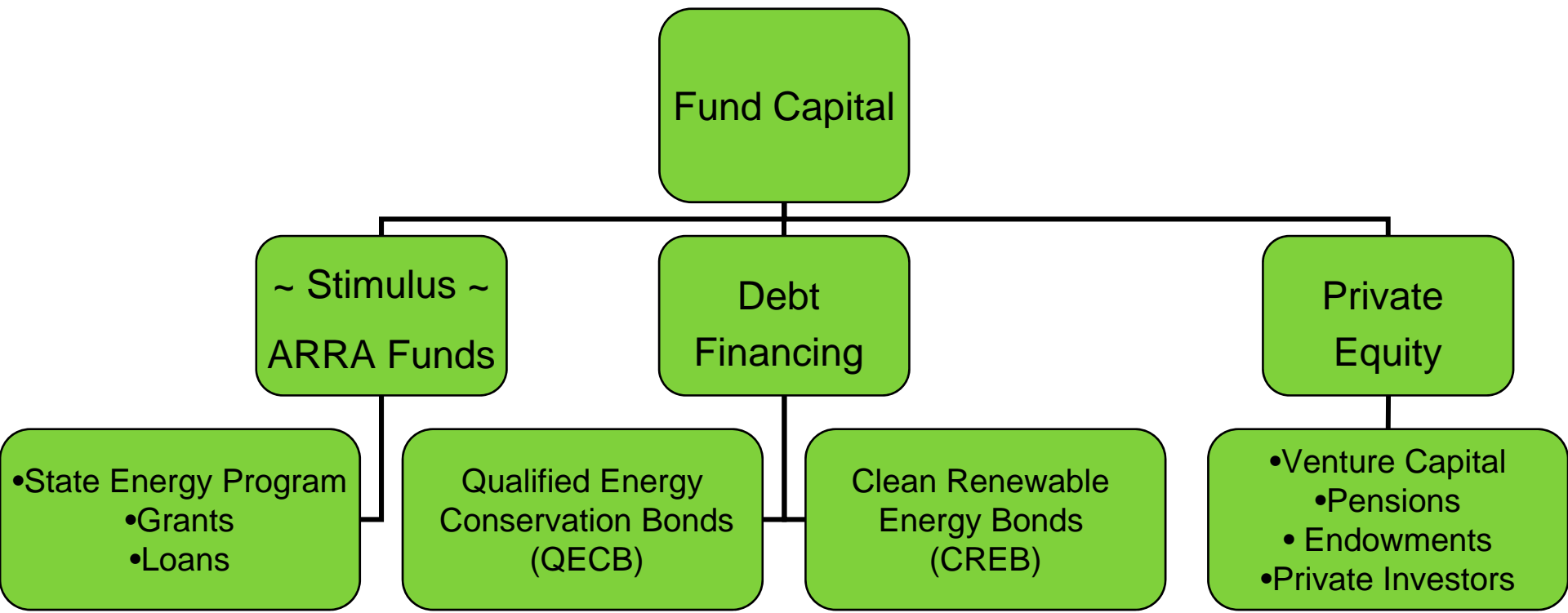
Financing/Capital Investments – \$19.2M

Finance & Capital Investment Grants



- Revolving Loans Fund
- New Energy Economy Development Grants
- Renewable Energy Finance
- Debt Financing
- CREED





- ▶ Debt Financing – Private Equity financing combined with GEO funds
- ▶ Renewable Energy Finance – bridge loans for renewable energy companies
- ▶ Revolving Loan Fund – great way to reinvest in your community
- ▶ Project Capital – Grants
- ▶ NEED Grants – RFP comes out quarterly



EE/RE Tax Credit Bonds

- ▶ CREBs (Clean Renewable Energy Bonds)
- ▶ QECBs (Qualified Energy Conservation Bonds)



Qualified Energy Conservation Bonds

- ▶ HB 1346 [HB-1346 "Recovery & Reinvestment Finance Act Of 2009"](#)
- ▶ Complements the American Recovery and Reinvestment Act (ARRA) and helps the Governor's Energy Office (GEO) with bonding. Allows the GEO to utilize state Treasurer's office to issue bonds for renewable energy projects.
- ▶ **Effective Date: August 5, 2009**



Qualified Energy Conservation Bonds (QECCBs)

Like CREBs, QECCBs were also created by the Energy Improvement and Extension Act of 2008. The ARRA increased the QECCB appropriation to \$3.2 billion. Colorado \$51,244,000 allocation*.

Key differences are:

- CREBs finance RE projects
- QECCBs finance green community programs
- 30% can be used to finance private sector activities

QECCBs can be used for:

Any project that qualifies for a CREB, projects that reduce energy consumption in public buildings by at least 20%, green community programs, rural RE projects, mass commuting projects, public education, and demonstration projects.

Source: <https://www.gkbaum.com/renewableEnergy/QECCB%20Allocations.pdf>



Qualified Energy Conservation Bonds (QECBS)

- GEO will determine which projects will be funded with QECBs. Bonds and certificates of participation will be approved by the state legislature after January 1, 2010.



Clean Renewable Energy Bonds (CREBS)

- No specific state allocation
- National Allocation of \$1.6 billion
 - 1 / 3 rural electric associations
 - 1 / 3 state and local governments
 - 1 / 3 municipal utilities
- Capital costs only –
- Renewable energy projects
- Colorado Springs Utilities financed a 1 MW hydro project



Clean Renewable Energy Bonds (CREBs)

CREBs were originally approved by the Energy Improvement and Extension Act of 2008. The ARRA increased the new CREB authorization from \$800M to \$2.4billion

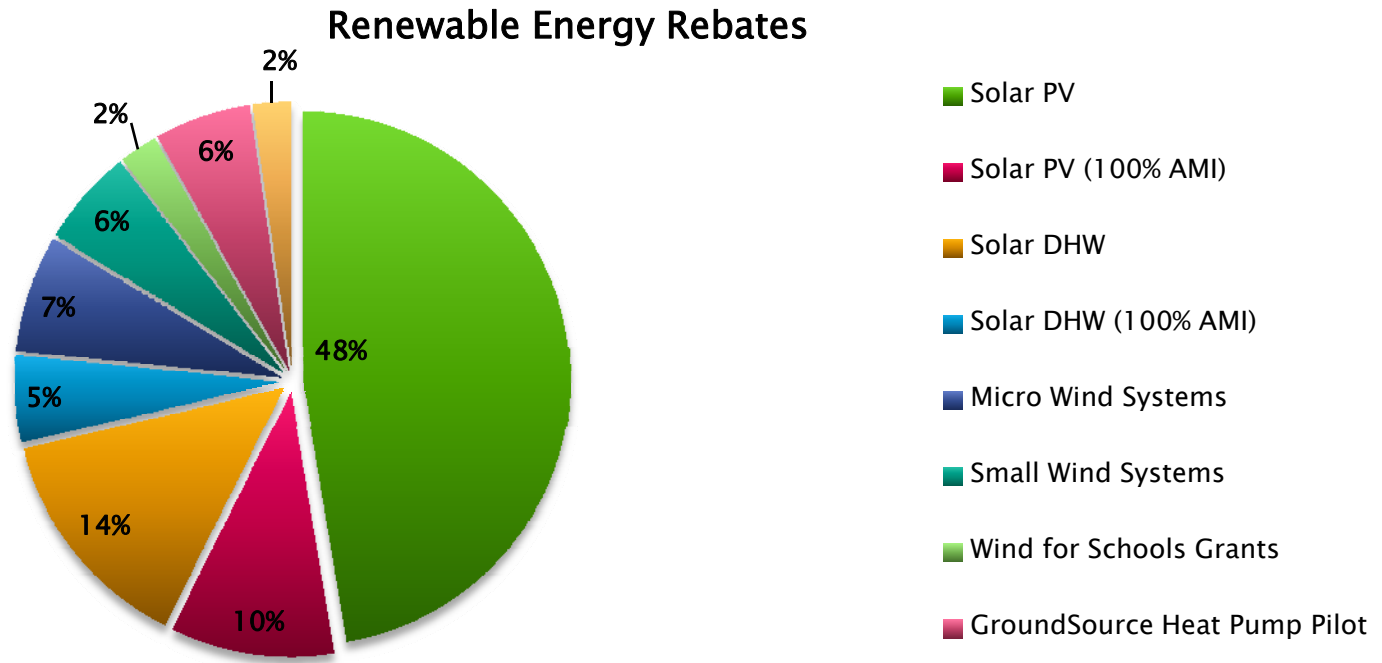
CREBS are essentially zero interest tax credit bonds for RE projects in which the interest is paid for by the Federal government. (In practice, they are more like 1–2% including transaction costs.)

They can be issued by state and local governments, public power providers, coops, and CREB lenders.

Presently there is no guidance yet from the IRS about the application process or timing of CREBs.



Renewable Energy – \$9.8M



HB 1350 Facilitate Financing Renewable Energy Projects

- ▶ This bill empowers cities and counties to create programs to invest in clean energy systems and energy efficiency that will clear hurdles to investment by eliminating the upfront cost. They can do this by using existing bond potential or by creating improvement districts for investment in renewable energy to provide loans to homeowners and commercial property owners.



HB 1350 Facilitate Financing Renewable Energy Projects

Property owners take out a loan based on the interest rate of the bonds by paying a special assessment on their property taxes

Only those property owners who participate in the program pay the additional assessment.



USDA Rural Development

- ▶ Accepting applications for Grants and Loan Guarantees due July 31, 2009
- ▶ Agricultural producers and rural small businesses are eligible
- ▶ Grants: RE: 25% of eligible project costs not to exceed \$500,000, EE – 25% not to exceed \$250,000
- ▶ Loan Guarantees
- ▶ Loan guarantees/grants



SBA Loan Program

- ▶ Offers loans to expand or start up a small business – available through September 2010
- ▶ Reduces some of the fees with the process
- ▶ www.sba.gov



Federal Incentives

- ▶ Offers 30% tax credit – for residents and businesses – energy efficiency and renewable energy
 - ▶ www.dsireusa.org/
 - ▶ Payments for Specified Energy Property In Lieu of Tax Credits under the ARRA of 2009
<http://www.treas.gov/recovery/docs/energy-terms-and-conditions.pdf> -- businesses
- Installations must be completed by 2010 or at least started in 2009 or 2010



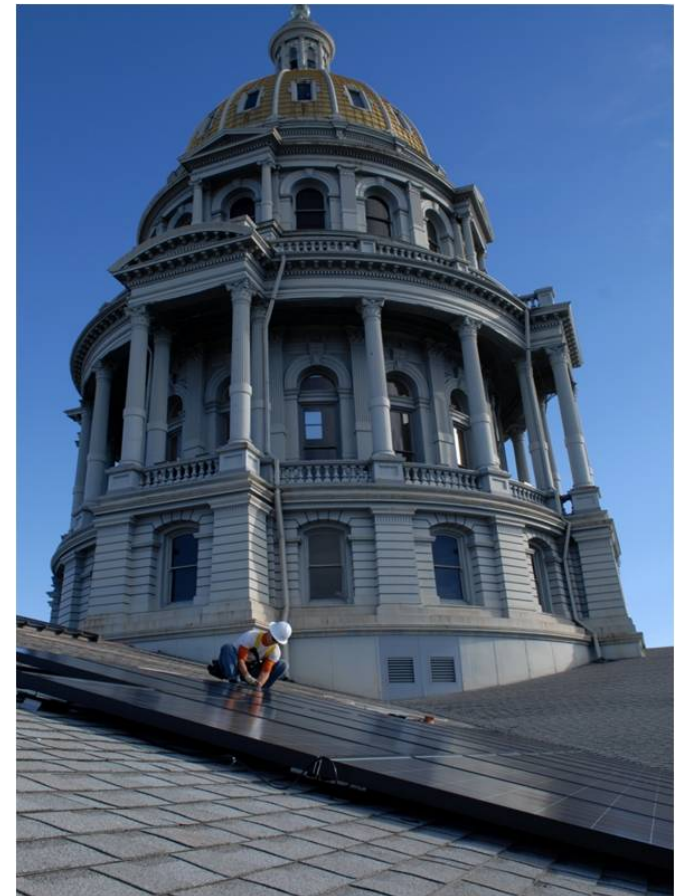


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