

Financial incentives from PECO are one of many resources for customers who undertake energy efficiency improvements. Building owners can further reduce capital costs while maximizing returns by also applying for these incentives and financing options.

A decision to postpone energy-saving projects may be costly. Don't let a lack of available capital stand in the way.

Upfront capital expenses can be minimized—or avoided entirely—by funding equipment improvements through several clean energy incentive and financing options. Whatever the upfront costs, energy efficiency investments are becoming increasingly worthwhile as technological advances shorten project paybacks.

### Fund Projects With Zero Money Down

Customers with significant energy efficiency opportunities can avoid upfront expenses entirely through competitive commodity or energy savings performance contracts.

**Competitive commodity contracts** allow organizations to fund equipment upgrades without adding the expense to their balance sheets. Project costs are calculated in conjunction with a commodity agreement, covering the full cost of an upgrade to high-efficiency equipment.

**Energy Service Companies (ESCO)** design, finance, install and operate projects, complete with a guarantee of energy savings. The building owner repays the loan by sharing a portion of their energy savings. Contract terms can typically range from 7 to 20 years, depending on the project.

### Fund Projects With Energy Efficiency Credits

Additional opportunities to further reduce project costs are available through energy efficiency credits from the **Pennsylvania Alternative Energy Credit Program**, which offers cash payouts over the lifetime of the installed equipment.

The Pennsylvania Alternative Energy Credit Program, established to fulfill the state's alternative energy portfolio standard requirements, offers credits to energy efficiency projects that qualify as a Tier II Demand Side Management Resource. Weighted average credit for recent projects varies. Recent energy efficiency projects averaged \$0.31 per MWh. Learn more at [pennaeps.com](http://pennaeps.com).

Trade allies who offer commodity financing and/or energy savings performance contracts can be found on [peco.com/FindAContractor](http://peco.com/FindAContractor). Select "Project Management" under Firm Type and "Financing" and/or "ESCO" under Services Provided.



## Fund Projects Through Grants and Loans

Several Pennsylvania-based programs provide grants or underwrite cost premiums associated with the purchase of energy-efficient equipment and the design and construction of high-performance buildings.

The Commonwealth of Pennsylvania, regional Certified Economic Development Organizations (CEDOs)<sup>1</sup> and several clean energy financing organizations offer low-interest loans.

By structuring loans so that fixed-interest payments are eclipsed by consistent energy savings, a wide variety of project types have demonstrated immediate cash-positive results.

The **Small Business Advantage Grant** provides 50% matching grants, up to a maximum of \$9,500 (or \$7,000 for lighting-only upgrades). Eligibility is limited to Pennsylvania-based businesses with 100 or fewer full-time employees. Projects must reduce energy use by 25%. Funding announcements are made each year in late July. Grants are awarded on a first-come, first-served basis so customers are encouraged to apply early as funding is limited.<sup>2</sup>

The **High-Performance Building Program** provides loans and grants of up to \$2 million. Rates are tied to 10-year Treasury bonds plus 250 basis points. Grants are available for the lesser of \$500,000 or 10% of total eligible project costs. The program requires a matching investment of at least \$1 for every \$1 of program funds awarded.<sup>3</sup>

Through the **Pennsylvania Industrial Development Authority**, CEDOs offer machinery and equipment loans of up to \$1.5 million over a 10-year term. Rates are typically 1%–2% below standard industry rates, fixed over the life of the loan, with additional fees for loans greater than \$400,000.<sup>4</sup>

The **National Energy Improvement Fund (NEIF)**, a Pennsylvania-based lender, offers capital for energy efficiency improvements ranging from \$10,000 to \$250,000 over a one- to seven-year term. Loan amounts and terms can be customized for larger projects or non-profit borrowers.<sup>5</sup>

The **Commercial Property Assessment Clean Energy** program (C-PACE), administered by the Philadelphia Energy Authority, provides long-term funding to commercial property owners for new construction, rehab or retrofit projects consisting of energy efficiency, renewable energy or water conservation measures (excludes multifamily, residential and government-owned). Projects must result in measurable energy savings or reductions in water usage. Repayment is based on a special assessment similar to a property tax assessment. Borrowing amounts must exceed \$100,000, with financing covering 100% of project costs and repayment terms of up to 30 years.<sup>6</sup>

Funding Source	Amount	Rate
Commodity Retailer	100%	\$0.02 per kWh <sup>7</sup> over lifetime of commodity contract
CEDO Loans	\$1.5 million	1%–2% below industry averages
High-Performance Building Program	Lesser of \$500,000 or 10% of costs	10-year Treasury bond plus 2.5%
National Energy Improvement Fund	\$250,000	Varies
Small Business Advantage Grant	50%	N/A
Commercial Property Assessed Clean Energy (C-PACE)	\$100,000 minimum	Varies

- ▶ Business owners or facility managers interested in maximizing the energy efficiency potential of their facilities should contact the PECO energy efficiency team at **1-844-4BIZ-SAVE** (1-844-424-9728) or visit [peco.com/business](http://peco.com/business).

*The information provided on financing is for illustration purposes only and is not an endorsement. Terms, conditions and eligibility are the discretion of the financing entity and subject to change.*

<sup>1</sup> Bucks County Economic Development Corporation, Chester County Economic Development Council, Delaware County Economic Development Oversight Board, Montgomery County Development Corporation, Philadelphia Industrial Development Corporation.

<sup>2</sup> <https://www.dep.pa.gov/Citizens/GrantsLoansRebates/SmallBusinessOmbudsmanOffice/Pages/Small%20Business%20Advantage%20Grant.aspx>.

<sup>3</sup> <https://dced.pa.gov/programs/high-performance-building-program-hpb>.

<sup>4</sup> <https://dced.pa.gov/programs/pennsylvania-industrial-development-authority-pida>.

<sup>5</sup> <http://hbcenergycapital.com>.

<sup>6</sup> <https://philaenergy.org/programs-initiatives/commercial-pace/>.

<sup>7</sup> <https://business.directenergy.com/blog/2015/June/Solutions-to-Energy-Efficiency-Project-Financing-Dilemmas>.