

DRAFT: DO NOT CIRCULATE

## Energy Efficiency Financing Foundations

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Training for Public-Sector Facilities Managers and Finance Officers

*This work was funded by the U.S. Department of Energy Office of State and Community Programs, under Contract No. DE-AC02-05CH11231.*

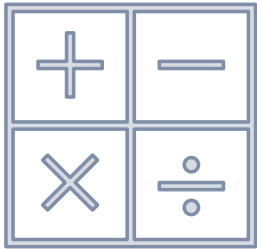
ENERGY TECHNOLOGIES AREA | ENERGY ANALYSIS AND ENVIRONMENTAL IMPACTS DIVISION | ELECTRICITY MARKETS & POLICY



## Overview Module



# Purpose of Training



Help participants navigate “finance speak” and know which questions to ask



Strengthen public-sector knowledge of energy efficiency financing, so that staff can use financing to complete building energy upgrades



# Target Audience #1

- Public sector facilities managers
- Energy professionals



Association examples:

- Public sector capital project managers
- Procurement departments

Association examples:



National Association of  
State Facilities  
Managers



Government Finance  
Officers Association



National Association of  
State Procurement  
Officials



International Facility  
Management  
Association

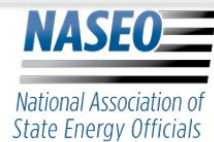


National Institute of  
Governmental Purchasing:  
Institute for Public  
Procurement



## Target Audience #2

State and local government staff—and other public agency staff—responsible for adopting, designing, or managing energy programs and policies



### *U.S. State Energy Program Update*

Successful Projects and Programs  
Implemented by the States  
Utilizing SEP Funding

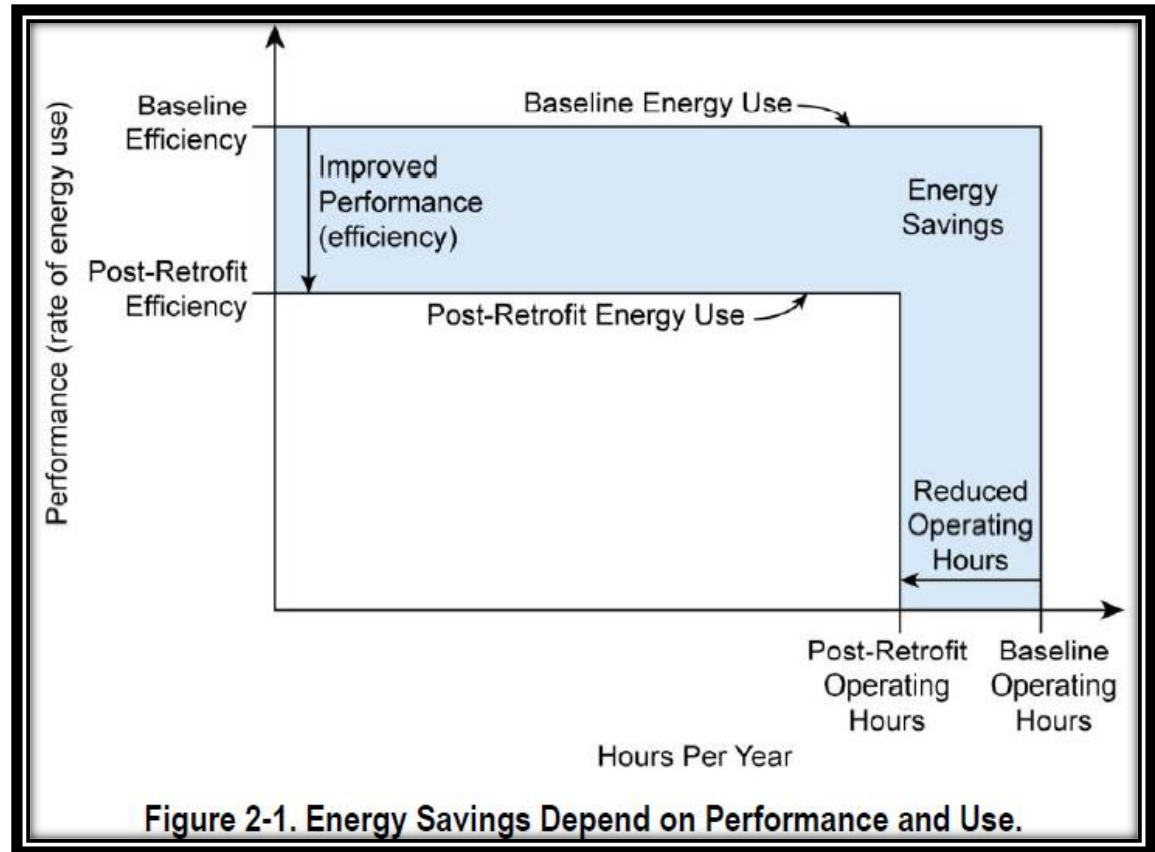


[Graphic Source](#)

# Basis of Energy Savings

## Savings Drivers:

- Energy savings depend on both performance and usage
- Improved performance of facilities and equipment reduces energy consumption
- Increased efficiency may also reduce number of hours needed to run facility or equipment



Source: [U.S. Department of Energy, Federal Energy Management Program \(FEMP\), M&V Guidelines](#)



# Financing vs. Funding

- **Financing:** A contractual arrangement in which a borrower repays an investor over time, typically with interest, in exchange for the investor covering the upfront costs of a project.
  - ▣ Examples: Bonds, leases, loans, energy savings performance contracts, energy as a service agreements
- **Funding:** Money that can be used for capital projects or operating expenses without having to pay it back to a third party
  - ▣ Examples: Internal funds, external grants

Option A (Fast Track Financing)					Option B (Waiting for Cash)				
Year	Savings	Project Cost including financing	Annual Cash Flow	Cumulative Cash Flow	Savings	Project Cost	Annual Cash Flow	Cumulative Cash Flow	
1	\$416,250	(\$516,453)	(\$100,203)	(\$100,203)	\$0	\$0	\$0	\$0	
2	\$566,100	(\$516,453)	\$49,647	(\$50,556)	\$424,575	(\$3,302,250)	(\$2,877,675)	(\$2,877,675)	
3	\$580,253	(\$516,453)	\$63,799	\$13,243	\$580,253	\$0	\$580,253	(\$2,297,423)	
4	\$594,759	(\$516,453)	\$76,306	\$91,549	\$594,759	\$0	\$594,759	(\$1,702,664)	
5	\$609,628	(\$516,453)	\$93,175	\$184,724	\$609,628	\$0	\$609,628	(\$1,093,036)	
6	\$624,868	(\$516,453)	\$108,415	\$293,139	\$624,868	\$0	\$624,868	(\$468,167)	
7	\$640,490	(\$516,453)	\$124,037	\$417,176	\$640,490	\$0	\$640,490	\$172,323	
8	\$656,502	\$0	\$656,502	\$1,073,679	\$656,502	\$0	\$656,502	\$828,825	

Source: [ENERGY STAR Cash Flow Opportunity Calculator](#)

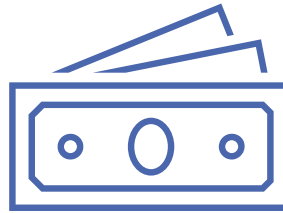


# Learning Objectives For This Training

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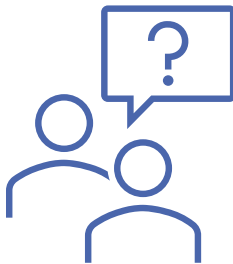
Understand key language and concepts



Review the basics of different funding and financing options



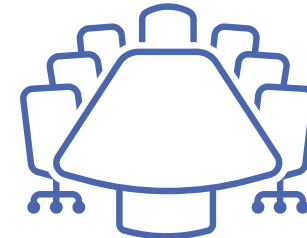
Anticipate issues that may arise when selecting and implementing financing solutions



Determine what questions are important to ask in particular situations



Enter into informed negotiations with vendors



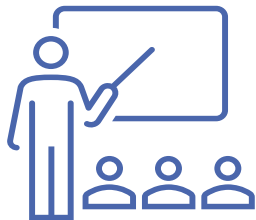
Communicate the value of financing to executive decision makers





# Course Format

## Modules



- One 10-minute intro + six 40-minute modules
- Approximately 3.5 hours total
- Complete training at a pace that works for you
- Access any module at any time

## Additional Resources



- References to case studies, tools, and other resources
- Interactive links allow you to click on and access resources any time



# Course Overview



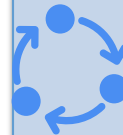
1) Understanding your building assets and investment needs.



2) Comparing funding and financing



3) Traditional financing products



4) Specialized financing products



5) Planning for ongoing commitments



6) Engaging with stakeholders and partners

