New Jersey Energy Efficiency Revolving Loan Fund

What Is the Energy Efficiency Revolving Loan Fund?

The fund will provide loans for energy efficiency upgrades to state agencies with facilities owned and operated by the executive branch who complete qualifying clean energy projects. In addition, an agency can apply to use this loan to bridge the gap between project installation and receiving the federal direct pay tax credit. The Fund has been capitalized by a grant from the US Department of Energy.

Who Can Use Energy Efficiency Loans?

State agencies seeking to perform energy upgrades and/or retrofits on state-owned and operated facilities may apply for a loan under the EE RLF. The maximum loan amount for one (1) project under this program will be $2,000,000 and the minimum loan amount will be $300,000.

What Kind of Projects Qualify for Energy Efficiency Loans?

The loans are available for energy efficiency retrofits and upgrades that are recommended from an energy assessment that meet certain criteria. Health and safety improvements, as well as solar energy systems, may also be eligible for the loans if they are recommended by the energy assessment.

When Will Loans Become Available?

The first application period, known as Application Period A, will be open to State entities performing work on State-owned and operated facilities located in disadvantaged communities.[1] The first application period will open no later than January 28, 2025 and will remain open for a three (3) month period or until the available funds total less than $300,000. If sufficient funds remain after the initial three (3) month period, Application Period B will begin. During Application Period B, applications will be accepted from any state entity performing work on any State-owned and operated facility. Application Period B will remain open until available funding is exhausted. Within each application period, applications will be evaluated on a first-come first-serve basis provided that a submitted application is deemed substantially complete.

It is anticipated that future application periods will become necessary as scheduled loan payments from the original awardees replenish the fund. When the available funds total more than $300,000,

[1] "Disadvantaged communities" are census tracts that meet certain thresholds for environmental, climate, socio-economic, or other burdens as identified by the Climate and Economic Justice Screening Tool (CEJST) available at https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5. If this tool is no longer accessible, please use the New Jersey data set tool at Climate and Economic Justice Screening Tool for NJ - Overview.

Staff will begin the process of opening up a new phased application period in line with the process described above.

What Are EE RLF Loan’s Terms?

NJ BPU Staff will share with agencies a sample MOU. Depending on the loan application and type of loan, the terms may vary. However, the loan must be a minimum of $300,000 and a maximum of $2 million. The interest rate is 1.5% for the life of the loan. The maximum term a Borrower has to pay back an EE RLF loan, including interest (payback period) is 15 years. The loan application must include ECMs for which a combined weighted average useful life is no shorter than the maximum payback period. All federal requirements and reporting must be adhered to.

What if the project costs more than expected?

Projects must be completed within the budgeted cost; if the project cost overruns the budgeted cost, then the Borrower must complete the project at its own expense or reduce the project scope accordingly.

How do we complete reporting on the project?

Loan reporting must be done electronically. BPU Staff will provide electronic versions of all reporting forms. The Borrower must have the capability to complete these forms and must submit them electronically.

A loan application must contain an implementation schedule that includes timelines and major milestones.

What rules must the project follow?

The project must comply with all applicable federal and state laws, code, rules, and regulations for work being performed.

Applicants may leverage additional sources of funding. EE RLF loans may not be comingled with non EE RLF funding sources but they can be braided into the project.