

Commercial Financing Options For Renewable Energy Systems

CALIFORNIA ENERGY COMMISSION

Renewable Energy Program
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*Renewable Energy
-The Power of Choice-*

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For information on renewable energy options and incentives in California

Energy Commission Website
www.consumerenergycenter.org

Energy Commission Call Center
1-800-555-7794



Relying on Renewable

Are you interested in reducing your energy costs by using renewable energy, but do not have the capital to afford the equipment? This fact sheet highlights various loan programs currently available.

Loan Program Basics

Loan products can be divided into two categories—secured and unsecured. As a general rule, unsecured loans have shorter terms (1-3 years) and relatively high interest rates. Unsecured loans are also known as business credit cards or business line of credit. Secured loans have longer terms and relatively lower interest rates, with the rate and term dependent upon the strength of the collateral and the creditworthiness of the borrower. Collateral can be in the form of equipment or real property.

Subsidized and targeted loans are also available to minority and women-owned businesses via the Small Business Administration. Generally, these loans are offered with a 'guaranty' by a state or federal agency to secure the loan.

Commercial Business Resources

On the reverse, you will find a list of lenders that offer attractive financing solutions. This fact sheet details a variety of financial loan products targeted directly at investments in renewable energy. To find out more about specific financing options, log onto the web addresses detailed for the particular lender you are interested in, or use the contact telephone numbers listed. Please visit the Energy Commission's website or call the Energy Call Center (see left) for information on renewable energy options and incentives in California.

| LOAN EXAMPLES (\$45,000) | | | |
|--------------------------|--------------|---------------|---------------|
| Term and Rate | 5 years @ 5% | 10 years @ 8% | 15 years @ 9% |
| Monthly Payment | -\$866 | -\$559 | -\$465 |
| Energy Savings | \$243 | \$243 | \$243 |
| Interest Savings | \$46 | \$73 | \$85 |
| Tax Credit Savings | \$452 | \$226 | \$151 |
| Net Monthly Payment | -\$125 | -\$17 | +\$14 |

A business owner in Concord with an annual electricity bill of \$20,000 is considering the purchase of a 10 kW photovoltaic (PV) system with an installed cost of \$90,000. After receiving the Energy Commission "rebate" of \$45,000 the net cost of the system would be \$45,000. Savings in year one from PV electricity production at their current utility rates is projected to be \$2,918. If they finance the net cost of the system of \$45,000 with a 15 year loan at 9% interest it would result in an annual payment of \$5,580. This business owner would also save \$42,454 in taxes resulting from the 10% Federal Business Energy Tax Credit, 15% California Solar Tax Credit, State and Federal Depreciation and deductions for interest expenses. If the business paid cash for the system, the simple payback term would be 6.1 years. If electricity rates continue to rise the payback time would be shorter. If you would like to evaluate the savings for your situation, use the Clean Power Estimator found at the Energy Commission website (see left).

Assumptions: Annual electricity production from the PV system in Concord is estimated to be 18,265 kWh. The annual electricity used was 18,262 kWh. The current utility rates for this example range from about \$.14 to \$.23 per kWh. Tax savings were estimated assuming the business owner is in a 34% federal and 8.5% state tax bracket.

Commercial Financing Options For Renewable Energy Systems

| | Loan Program | Contact | Loan Amount | Term | Interest Rate |
|----------------------------------|--|---|------------------------------------|---------------------|-------------------------------|
| Equipment Secured Loans | Energy Efficiency Improvement Loan Program | Safe-Bidco www.safe-bidco.com tel: 800.273.8637 | \$250,000 Max Up to 10 yrs Savings | 5 yrs | 5.00% |
| | Equipment Efficiency Loan Program | Credit America www.creditamericafunding.com tel: 800.422.9977 | No Limits | 5 to 25 yrs | Prime plus 1-3% |
| | Equipment Efficiency Loan Program | GE Capital www.gecapital.com tel: 800.460.5442 | No Limits | 5 to 25 yrs | Prime plus 1-3% |
| | Equipment Efficiency Loan Program | PFG Energy Capital www.pfgenergy.com tel: 800.589.4532 | No Limits | 5 to 25 yrs | Prime plus 1-3% |
| | Equipment Efficiency Loan Program | Rural Council of Rural Counties www.rccrnet.org tel: 916.447.4806 | No Limits | 5 to 25 yrs | Prime plus 1-3% |
| Real Estate Secured Loans | SBA 7(a) & Low Doc | SBA / Small Business Administration / Bank www.sbaonline.sba.gov tel: 818.552.3210 | \$1,000,000 @ 90% Guaranty | 10 to 20 yrs | Fixed / Variable |
| | SBA 504 | SBA / Small Business Administration / Bank (as above) | \$750,000 | 10 to 20 yrs | Fixed / Variable |
| | Collateral Mortgages | Collateral Mortgage, Ltd. www.collateral.com tel: 205.978.1840 | No Maximum | 15 to 30 yrs | Fixed / Variable |
| | SBA 7(a) & Low Doc | SBA / Small Business Administration / Bank (as above) | \$1,000,000 @ 90% Guaranty | 10 to 20 yrs | Fixed / Variable |
| | SBA 504 | SBA / Small Business Administration / Bank (as above) | \$750,000 Max | 10 to 20 yrs | Fixed / Variable |
| Unsecured Loans | Commercial Loan | Credit America (as above) | \$50,000 | 5 to 7 yrs | Fixed / Variable |
| | Commercial Loan | GE Capital (as above) | \$50,000 | 5 to 7 yrs | Fixed / Variable |
| | Commercial Loan | PFG Energy Capital (as above) | \$50,000 | 5 to 7 yrs | Fixed / Variable |
| | SBA 7(a) & Low Doc | SBA / Small Business Administration / Bank (as above) | \$1,000,000 @ 90% Guaranty | 10 to 20 yrs | Fixed / Variable |
| | SBA Express | Small Business Administration (as above) | \$150,000 | 15 to 20 yrs | Market |
| Guaranty Loans | Business & Industry Loan Guaranty | USDA Rural Business Service www.rurdev.usda.gov/rd/ tel: 530.792.5805 | \$1 million to \$10 million | 1 to 10 yrs | Fixed / Variable - Near prime |
| | Business Loan Guaranty | California Trade & Commerce Agency http://commerce.ca.gov/business/small tel: 916.322.1275 | 90% Loan Guaranty | 1 to 10 yrs | Fixed |
| | CA Loan Guaranty Program | California Trade & Commerce Agency (as above) | 80% Guaranty | 1 to 15 yrs | 3 to 7 yrs |
| | Rural Utility Service | USDA Rural Utility Service www.rurdev.usda.gov/rd/ tel: 530.792.5800 | \$500,000 to \$5 million | Negotiated | Fixed / variable |
| | SBA 7(a) & Low Doc | SBA / Small Business Administration / Bank (as above) | \$1,000,000 @ 90% Guaranty | 10 to 20 yrs | Fixed / Variable |
| Subsidized Loans | SBA Express | Small Business Administration (as above) | \$150,000 | 15 to 20 yrs | Market |
| | CalCAP | California Pollution Control Finance Authority www.treasurer.ca.gov/cpcfca/smallbusiness.htm tel: 916.654.5610 | \$20,000 to \$ 2.5m | Short and long term | Fixed / Variable |
| | Equipment Efficiency Loan Program | Sacramento Municipal Utility District (SMUD) www.smud.org/pv/index.html tel: 916.732.6679 | No Limit | 10 yrs | 8.7 to 10.5% |
| | PV Pioneer | Sacramento Municipal Utility District (SMUD) www.smud.org tel: 916.732.6198 | \$4/mo Premium | 10 yrs | Purchase Option |
| | Small Business and Non Profit Energy Efficient Improvement | Safe-Bidco (as above) | \$250,000 Max | 5 yrs | 5% |
| Third Party Loans | Energy Purchase Agreement | Alten Energy Services, Inc. www.altenenergy.com tel: 818.503.1200 x112 | No Limit | No Limit | Discount Prices |
| | Energy Purchase Agreement | World Energy Services Technologies tel: 619.696.0978 | No Limit | No Limit | Discount Prices |

The California Energy Commission does not endorse any one lending organization. Eligibility varies for each financing option. Availability of financing options may vary. Contact individual provider for more information.