

PECO Energy Efficiency Solutions

Financial Resources for Commercial Customers



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 technology 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.

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 typically range 7–20 years, depending on the project.

Trade allies who offer commodity financing and/or energy savings performance contracts can be found on peco.com/FindAContractor.

Select “Project Management” under Firm Type and “Financing” and/or “ESCO” under Services Provided.

Fund Projects With Rebates and 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.

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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)¹ 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 \$7,000. Eligibility is limited to Pennsylvania-based businesses with 100 or fewer full-time employees. Projects must save the small business a minimum of \$500 and reduce energy use by at least 25% annually. 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.²

The **Small Business Pollution Prevention Assistance Account (PPAA)** is a low-interest, fixed-rate loan for small businesses to make improvements for the reduction of waste, pollution and energy use. Qualifying projects include upgrades to high-efficiency lighting, HVAC, Chillers and Motors. Loans may be in excess of \$100,000 for up to 10-year terms with a fixed interest rate of 2% for the duration of the term.³

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 \$400,000.⁴

The **National Energy Improvement Fund (NEIF)**, a Pennsylvania-based lender, offers capital for energy efficiency improvements ranging from \$2,000 to \$500,000 over a one- to seven-year term. Loan amounts and terms can be customized for larger projects or non-profit borrowers.⁵

Additionally, the **Pennsylvania Small Business Energy Financing** program, recently launched by NEIF in partnership with The Sustainable Energy Fund (SEF), provides financing for

energy efficiency improvements for Pennsylvania small businesses. Low monthly payment financing is available for projects \$2,000 to \$100,000 with terms up to 10 years at a 6.99% interest rate. Eligible projects not only include energy efficiency and related equipment upgrades, but also improvements to indoor air quality.⁶

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.⁷

Reinvestment Fund's **Sustainable Defense Fund**, created by the Pennsylvania Public Utilities Commission is for energy efficiency improvements in buildings i.e. energy retrofits, gut rehabilitation, new construction or new energy-efficient production equipment. The energy loan is an unsecured loan for up to \$20,000 at an interest rate below the market rate of a traditional unsecured consumer credit.⁸

The **Pennsylvania Green Energy Loan Fund (GELF)** is another financing program by Reinvestment Funding available in the form of a low-interest loan for \$100,000 to \$2,500,000 and more, for up to a 15-year term. Interest rates vary by case but are generally in the 3.5–4.5% range.⁹

The **Small Business Energy Efficiency Grant** delivers federal funding to businesses through the utility Demand Side Management (DSM) program. Funds can be used to offset a small business's costs after utility program incentives are provided to reduce project costs to \$0. Maximum funding is available for up to \$100 million. Participation is limited to businesses with annual electric demand less than 300 kW. Many smaller public buildings including K–12 schools may qualify for grants under the direct install program. Funding may be applied to energy efficiency measures such as lighting or HVAC, distributed energy resources and heat pumps or other electrification technologies.¹⁰

- ▶ Business owners or facility managers interested in maximizing the energy efficiency potential of their facilities should contact the PECO energy efficiency team **1-844-4BIZ-SAVE** (1-844-424-9728) or visit **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.

¹ dced.pa.gov/cedo/.

² dep.pa.gov/Citizens/GrantsLoansRebates/SmallBusinessOmbudsmanOffice/Pages/Small%20Business%20Advantage%20Grant.aspx.

³ dep.pa.gov/Citizens/GrantsLoansRebates/SmallBusinessOmbudsmanOffice/Pages/PPAA%20Loan.aspx

⁴ dced.pa.gov/programs/pennsylvania-industrial-development-authority-pida.

⁵ neifund.org/financing-businesses.

⁶ neifcommercial.org/sef.

⁷ philaenergy.org/programs-initiatives/commercial-pace/.

⁸ reinvestment.com/initiatives/clean_energy/sdf/

⁹ reinvestment.com/gelf/

¹⁰ ase.org/small-business-energy-efficiency-grant-program-one-pager

