

GREENHOUSE GAS EMISSIONS REDUCTION FUND
Final Report

1. Program Title

NH Business Energy Conservation Revolving Loan Fund

2. Program Type

Revolving loan fund for energy efficient investment;

Energy efficiency related industrial processes and controls;

Programs to improve the electrical and thermal efficiency on new and existing commercial buildings.

3. Summary of work completed during the grant period **July 15, 2009 – December 31, 2010.**

- Developed loan program guidelines;
- Established monitoring and accounting systems for RLF and created form loan documents;
- Marketed the RLF through NH Business Resource Center and utility audit programs – initial efforts were to work with potential borrowers identified by previous audits coordinated by these groups.
- Reviewed 5 loan applications - Our outreach efforts ultimately resulted in five loan applications. We approved 4 of the projects and the Androscoggin Valley Regional Refuse District methane gas project is on hold pending location of a buyer for the mill.
- Prioritize loan applications from businesses not currently eligible for existing utility energy efficiency programs – Four of the five projects approved did not qualify for the existing energy efficiency rebate programs.
- Close each loan application – Loans to Foss (\$750,000), Vitex (\$500,000), and Canam (\$750,000) were closed on December 7, 2009, June 4, 2010, and December 30, 2010, respectively. We held off closing the Structural loan pending resolution of the sale of the Gorham mill and did not close on the loan until our 2011 funding was approved.
- Perform tasks listed in each Loan Agreement – We are working with Coastal Economic Development Corporation to implement and monitor the Foss loan and Carbon Solutions NE to establish benchmarks to evaluate the energy savings. Requisitions totaling \$1755,650 had been approved as of December 31, 2010. The remaining funds are committed to Vitex for equipment scheduled to be delivered and installed in early 2011.

- Utilize existing loan underwriting and management capabilities – BFA staff has completed all underwriting and other administrative activities. The BFA has borne all this expense. One hundred percent of GHGERF funds will be used to provide business energy efficiency loans.
- Monitor collection of payments – The Foss project loan entered repayment in October. The first Canam payment is due February 1. The BFA will provide the PUC a quarterly financial statement, summarizing the status of the RLF funds, for as long as the RLF exists.
- Seek matching funds – We required each borrower to pursue all other available funding options. Please see attached project summaries. Foss unsuccessfully applied for USDA funds. Structal used Recovery Zone (stimulus) Bond financing to pay for the vast majority of its nearly \$4.5 million in energy improvements.
- Refer bankable projects to Ocean National Bank’s energy efficiency program – RLF guidelines specified that projects that qualify for bank funding would be referred to the Ocean Bank program. No BFA borrower would have qualified for bank financing, either because of the nature and quality of the loan collateral or because of the borrower’s operating results.

4. Budget vs. Actual Expenditures

Funds used for Loan Fund Capital - Budget - \$2,000,000
 Actual - \$2,000,000
 Match - \$3,863,775

5. Please document any jobs created.

Foss has increased employment from 306 to 350 since the closing of the energy loan. Structal will increase employment at its retrofitted plant from 80 to 200. The three companies we made commitments to employ 515 people in high wage manufacturing employment.

6. Explain any obstacles encountered or any milestones not reached.

The three main obstacles incurred in implementation of the program were the lack of comprehensive energy audits, which are essential to evaluate potential projects, timing issues in coordinating the RLF with other funders, and delays in receiving equipment so the improvements

could be completed. The energy audit situation was resolved by DRED's Business Resource Center, which received Stimulus funds to help businesses evaluate their energy use and potential savings. Coordination with other funders remained an issue given the different funding cycles and requirements of the various programs. Nonetheless, we attempted to leverage as much other funding as possible. Finally, we just had to accept the delays in project implementation that were caused by the reduction in equipment inventories and changing market conditions. For example, Vitex's project was delayed for months in 2010 because the company could not take delivery of equipment for its project. Business boomed in the interim so the company decided to completely replace one of its presses, rather than just the front end of the existing press. The new press will significantly reduce energy use and production costs but further delayed completion of the project until 2011.