

ENERGY EFFICIENCY REVOLVING LOAN FUND (EERLF) CAPITALIZATION GRANT PROGRAM

NOTICE OF FUNDING OPPORTUNITY

The Kansas Corporation Commission (KCC) has received notice of award from the Department of Energy (DOE) on KCC's Energy Efficiency Revolving Loan Fund (EERLF) application submitted in response to Section 40502 of the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL). The stated purpose of the DOE's EERLF Program is to provide capitalization grants to States to establish a revolving loan fund (RLF) under which the state shall provide loans and grants for energy efficiency audits, upgrades, and retrofits to increase energy efficiency and improve the comfort of buildings. The KCC's allocation from the DOE total \$6,706,230. No matching funds are required.

The KCC intends to support this Program through the establishment of a new revolving loan fund program. The KCC will work directly with local federal- and state- chartered banks, credit unions, and community development financial institutions certified by the U.S. Department of Treasury CDFI Fund to participate in loans to finance projects that increase energy efficiency and improve the comfort of the project's buildings. With the KCC participating in the loans, it will reduce the interest rate for eligible borrowers and reduce the risk for lenders. Eligible borrowers are building owners of small businesses (fewer than 500 employees, agricultural producers, nonprofits, municipal and county governments, colleges and universities in Kansas, and state agency buildings. Many publicly owned facilities in Kansas' rural, underserved or disadvantaged communities are aging and inefficient, incurring high costs for energy and maintenance. It is a goal of Kansas to assist entities located in rural, disadvantaged or underserved areas in Kansas, so loans will be prioritized to entities in those locations.

Additionally, KCC intends to support this Program through subgrants to Kansas' agricultural producers, small businesses (fewer than 500 employees), and non-profits to offset the costs of the energy efficiency audits that are required to participate in the loan fund program. All subgrants will be limited to no more than three buildings for each recipient. The KCC will manage and administer all activities in order to achieve project goals and comply with the federal requirements.

Eligible lenders, borrowers, and awarded recipients of the subgrants will be required to report at least quarterly. Reports required by DOE and/or the KCC may include measurable improvements of energy efficiency or conservation, stakeholders engaged, value of contracts or agreements with minority owned businesses for supplies, services, or equipment, and accountability toward meeting project milestones.

Eligible lenders and borrowers will be required to report and comply with the provisions of the Davis-Bacon Act utilizing LCPTTracker. This will require weekly submitting of payroll during the duration of the eligible project.

The KCC is seeking applications from eligible lenders for participation in the EERLF program, and applications from eligible entities for subawards for an Energy Audit subsidy that meet the criteria set out herein.

Timeline:

The KCC will utilize the Kansas Infrastructure Hub for taking applications beginning November 1, 2024. Please see below for details concerning the Hub platform. It is anticipated that awards will be made on a first-come-first-served basis for applications that meet the requirements, priorities, and preferences, until all funds are allocated.

Eligible Lenders: Lenders that are one of the following: federal- and state- chartered banks and credit unions and community development financial institutions certified by the U.S. Department of the Treasury CDFI Fund with offices *located in Kansas*.

Eligible Projects (for Loans):

- Upgrades or retrofits recommended in a qualifying Energy Audit completed for:
 - an agricultural building/facility
 - a building/facility owned and occupied by a nonprofit organization
 - a building/facility owned and occupied by a small business (500 employees or less; must conduct the majority of its business in Kansas)
 - a publicly- or privately-owned school building/facility (K-12, college or university)
 - a publicly- or privately-owned building/facility occupied by state or local government
- The project's cost must be life-cycle cost-effective, which shall be demonstrated on the energy audit report showing that the estimated lifetime energy savings from the project upgrades/retrofits will be at least equal to the total project cost. Program Sponsor shall reserve the right to approve an alternative method of demonstrating cost-effectiveness if deemed acceptable.
- The project must address at least one of the following:
 - the energy efficiency of the building/facility;
 - the physical comfort of the building/facility occupants; or
 - the quality of the air in the building/facility.
 - NOTE: Based on the criteria above, geothermal heating systems are eligible, but solar/PV systems would need to be paired with energy storage or designed to provide operation during utility electricity grid outage to be eligible.
- The project must lead to at least one of the following outcomes:
 - reduce the energy intensity of the building/facility; or
 - improve the control and management of energy usage of the building/facility to reduce demand during peak times.
 - Loans may include any portion of the cost of Energy Audit paid for by the Eligible Borrower (not subsidized by the KCC)

Eligible Borrower:

An entity who owns or operates* one of the following:

- an agricultural building/facility
- a building/facility occupied by a nonprofit organization
- a building/facility occupied by a small business (500 employees or less; must conduct the majority of its business in Kansas)
- a publicly- or privately-owned school building/facility (K-12, college or university)
- a publicly- or privately-owned building/facility occupied by state or local government

If the borrower is a business, it must conduct a majority of its business in the State of Kansas

*Operators may refer to occupants, with the necessary permission of the building owner to perform the work.

Eligible Entities for Energy Audit Subsidy:

- An entity who owns or operates* one of the following:
 - an agricultural building/facility
 - a building/facility occupied by a nonprofit organization
 - a building/facility occupied by a small business (500 employees or less; must conduct the majority of its business in Kansas)
 - a publicly- or privately-owned school building/facility (K-12, college or university)
 - a publicly- or privately-owned building/facility occupied by state or local government
- The program will focus on those facilities located in rural, disadvantages or underserved communities whose need for capital to fund energy efficiency upgrades and retrofits is greatest, and with the availability of subgrant funding the projects would be economically harmful for its constituents and may therefore not be undertaken.
- All subsidies for energy audits would be limited to no more than three buildings for each recipient.
- The program will reimburse the building owner for 100% of the cost of qualified energy audits for nonprofit buildings. For energy audits of all other eligible buildings, the program will reimburse the building owners for two-thirds of the cost of a qualified energy audit, and will reimburse the other one-third of the cost to be building owner upon once the owner has implemented at least one of the recommended measures in the energy audit report.

Energy Audit Requirements:

- Determine the overall consumption of energy of the facility of the eligible recipient.
- Identify and recommend lifecycle cost-effective opportunities to reduce the energy consumption of the facility of the eligible recipient.
- Identify the period and level of peak energy demand for each building within the facility of the eligible recipient and the sources of energy consumption that are contributing the most to that period of peak energy demand.
- Recommend controls and management systems to reduce or redistribute peak energy consumption.
- Estimate the total energy and cost savings potential for the facility of the eligible recipient if all recommended upgrades and retrofits are implemented, using Audit Template, or such other audit software approved by DOE which complies with the BuildingSync data format.

Cost Matching:

There are no cost match requirements.

Program Period:

The program term is for 5 years or until July 31, 2029.

Other Information:

NEPA Environmental Questionnaire is required if directed to submit.

Build America, Buy America requirements do apply.

Davis Bacon Act Requirements do apply. See <https://www.energy.gov/infrastructure/davis-bacon-act>.

Resources:

Copy of the Infrastructure Investment and Jobs Act:

<https://netl.doe.gov/sites/default/files/netl-file/Sections%2040101%2C%2040103%2C%2040107.pdf>

Kansas Infrastructure Hub (click on Guidelines for further details of the Program and Submittable Portal):

<https://kshub.submittable.com/submit/310179/kansas-energy-efficiency-revolving-loan-fund-lender-participation>

<https://kshub.submittable.com/submit/310190/kansas-energy-efficiency-revolving-loan-fund-energy-audit-subsidy>

Application Guidance:

<https://submittable.help/en/collections/185534-help-for-applicants>