

Maryland Energy Administration

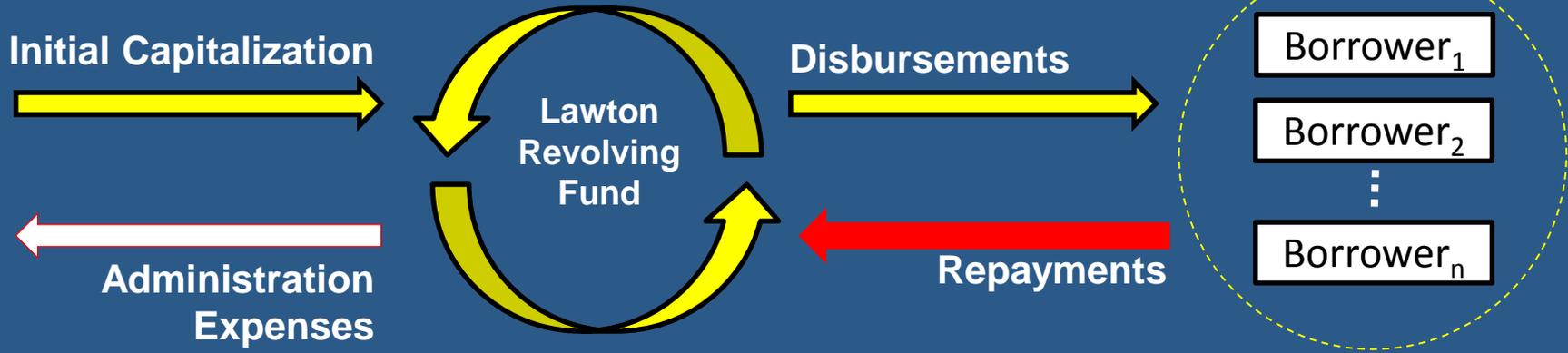
Jane E. Lawton Conservation Loan Program



Maryland
Energy
Administration

Lawton Loan Program Overview

- A *revolving fund* – an original investment that has been recycled over time for many borrowers.



- Interest charges and fees sustain the Program over time.

Lawton Loan Program Background

- Provides low-interest loans for energy efficiency and conservation improvements to structures located within the State of Maryland
 - FY20 interest rate is 2% per annum for Maryland businesses, non-profits, and local governments
 - For State Agencies, the interest is 0%, but a one-time 1% admin fee is applied to the first payment.
- Program removes barriers to implementation by assisting with the up-front costs of energy efficiency investments.
 - Complements local, state, and utility programs
- Eligible borrowers include Maryland businesses, nonprofit organizations, and local governments.
 - New for FY20: State Agencies are also now eligible.



Entities Eligible for Lawton Loans

- **Businessess**
 - Maryland Corporations
 - Other corporations registered to do business in Maryland
- **Nonprofit Organizations**
 - Foundations
 - Private Schools
 - Hospitals
- **Local Governments**
 - Counties
 - Municipalities
 - Board of Education
 - Special Districts
- **State Agencies**



Energy Projects Eligible for Lawton Loan Financing

- One or more mechanical improvements, building modifications, or energy system controls that directly enhance energy efficiency and reduce the operating expenses of a structure located in Maryland.
- Eligible projects are those that bundle one or more measures that reduce a facility's energy consumption:
 - relative to its existing performance, or
 - compared to basic, standard-performance energy technologies.
- Each individual ECM must pay for itself through reduced operating expenses, including energy costs, within the ECM's expected useful life¹. MEA will then use the simple payback of all the measures in aggregate to determine the loan.
- The term of a loan to a business, nonprofit organization, or local jurisdiction may not exceed 13 years. For a state agency, the measures in aggregate must have a simple payback of 13 years or less.

$$\text{Simple Payback} = \frac{\text{Total Proposed Project Cost}}{\text{Total Annual Anticipated Energy Cost Savings}}$$

- **Anticipated energy cost savings** are the expected reductions in annual energy operating expense resulting from the installation, operation, and maintenance of a project

¹The expected useful life of an individual energy measure will typically be based on the most recent version of the Mid-Atlantic Technical Reference Manual (TRM) available at <https://neep.org/mid-atlantic-technical-reference-manual-trm-v9>.



FY20 Lawton Loan Program Terms

- Total Program budget of \$2,050,000
 - \$850,000 initially available for Non-profits, Local Governments, and Maryland Businesses
 - 2% annual interest rate
 - \$1,200,000 initially available for State Agencies
 - 0% annual interest rate
- Applications will be accepted until the funding is exhausted, whichever comes first.
 - \$205,000 out of the \$2,050,000 of the Program budget will be reserved for nonprofit organizations until November 30, 2019
 - Beginning February 1, 2020, all available funding will be loaned on a first-come-first-served basis
 - Commitments will be issued beginning November 1, 2019
 - Closings will be scheduled beginning December 1, 2019



Lawton Loan Program Application Requirements

- All applicants must submit a completed application packet and all required supporting documents
- Completed applicants must include:
 - Total proposed project costs
 - Total annual anticipated energy savings, certified by a qualified engineer
 - Annual cost savings estimates
 - List of other leveraged funds (e.g. utility rebates, grants, etc.)
 - Financial information to determine creditworthiness
 - Certificate of Good Standing from the **Maryland State Department of Assessments and Taxation (“SDAT”)**
- The application packet can be found on the Lawton Loan website at <https://energy.maryland.gov/govt/Pages/janeelawton.aspx> under the “How To Apply” section



Lawton Loan Application Process and Timeline

1. Applicant submits a complete application package either electronically or by mail to MEA
2. MEA Conducts three (3) reviews on each application (± 45 days)
 - Internal review to determine feasibility
 - Review by expert technical consultant to verify proposed energy savings
 - Review by State Agency partner to evaluate creditworthiness of borrower and identify sources of collateral
3. Based upon the results of the reviews, MEA offers a conditional commitment for financing (± 15 days)
4. Loan documents are negotiated (± 45 days)
5. MEA and Borrower sets a closing date



Lawton Loan Application Submission

Application Submission Options

Online submission (strongly encouraged)

- Please email all required documentation to Lawton.MEA@Maryland.gov
- More detailed instructions provided in Application packet.
- Applicants will receive a confirmation email within 24 hours of submission.

Hard copies (mailed or hand-delivered)

Send to:
Maryland Energy Administration
Attn: Lawton Loan Program – Application
1800 Washington Blvd. Suite 755
Baltimore, MD 21230

Applications for the FY20 Program will be accepted until funding is exhausted or June 30, 2020, whichever comes first.



Recent Projects Financed with Lawton Loans

- In FY2012, a business borrowed \$68,000 for heating system and lighting upgrades.
 - Annual est. energy savings: 105,000 kilowatt-hours (kWh) and almost 4,700 therms.
 - Annual cost savings will be nearly \$18,000.
- In FY2013, a \$180,000 loan to a non-profit museum financed space conditioning and lighting upgrades.
 - Annual electricity savings will be over 210,000 kWh.
 - Annual cost savings will be almost \$30,000.
- In FY2014, a condominium association borrowed \$260,000 for new energy efficiency equipment.
 - Annual electricity use will be reduced by nearly 365,000 kWh.
 - Annual energy cost savings will be over \$35,000.
- In FY2015, a manufacturing facility borrowed \$342,640 for new energy efficiency equipment.
 - Annual electricity use will be reduced by nearly 491,030 kWh.
 - Annual energy cost savings will be over \$56,083



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