



State Energy Conservation Office

**State Energy Conservation Office  
(SECO)**

**Comptroller of Public Accounts**

**ACEEE**

**Market Transformation  
Symposium**

**March 31, 2009**



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## **SECO Programs**

- **Energy Education Curriculum Program**
- **State Agencies/Higher Education Program**
- **Energy Management Services**
- **Innovative Energy Program**
- **Alternative Fuel Program**
- **Housing Partnership**
- **Pollution Mitigation Program**
- **Pantex Program**
- **Schools & Local Governments Program**
- **LoanSTAR**



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## **LoanSTAR Revolving Loan Program - INTRODUCTION**

**The Texas LoanSTAR (Saving Taxes and Resources) program finances energy efficient retrofits for state agencies, public schools, county hospitals, and local government. Program's revolving loan mechanism allows borrowers to repay loans through the stream of cost savings realized from the projects.**



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## **LoanSTAR – HISTORY**

- **The program was created in 1988 with funds from the Petroleum Violation Escrow (PVE)**
- **Initially DOE approved the program as a “Demonstration Program”**
- **SECO developed extensive technical guidelines**
- **Provided training on technical guidelines**
- **“Metering and Monitoring” for each funded project**



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## **LoanSTAR – EVOLUTION**

- **Actual savings were exceeded by over 20%**
- **In 1995 DOE approves the program to become a “full fledged revolving loan program”**
- **Repayment terms have changed – 4 yrs., 6 yrs., 8 yrs., and the current 10 yrs.**
- **In 2001 received DOE approval to fund performance contracting and water conservation**



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## **LoanSTAR Revolving Loan Program – STIMULAS FUNDS**

**The American Recovery and Reinvestment Act (ARRA) encourages utilizing stimulus funds towards programs “that will achieve a high degree of leveraging, and/or projects that extend the impact of the funds.”**

- **Examples of programs which provide high leverage are revolving loan programs and performance contracting**



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## **LoanSTAR Revolving Loan Program – POSSIBLE CHANGES**

- **Infused the program with as much stimulus funds as possible**
- **Increase the loan cap**
- **Extend the maximum payback term**



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## Interest Rate

- **Interest rate:**  
**3% fixed**
- **Maximum composite loan repayment period:**  
**10 years**



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## **LoanSTAR (cont.)**

- **Funds are available on a “first come first served basis”**
- **Loan maximum is \$5 million dollars**
- **May apply for new loan if repaying an existing LoanSTAR loan**



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## **LoanSTAR (cont.)**

### **Eligible Retrofit Projects:**

- **Energy efficient lighting**
- **High efficiency heating, ventilation and air conditioning systems (HVAC)**
- **Energy management systems**



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## **Eligible Retrofit Projects (cont.)**

- **Building Shell Improvements  
(insulation, window film)**
- **Water Conservation Projects**
- **Systems Commissioning**



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## **LoanSTAR (financing)**

### **Three types of project financing:**

#### **1. Traditional LoanSTAR Project**

➤ **design, bid, built**



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## **LoanSTAR (financing)**

**Three types of project financing (cont):**

**2. Performance Contract Project**

➤ **design, built**



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## **LoanSTAR (financing)**

### **Three types of project financing (cont):**

- 3. Combined financing - LoanSTAR and**
  - buy down**
  - lease-purchase**
  - bonds**



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## **LoanSTAR Benefits**

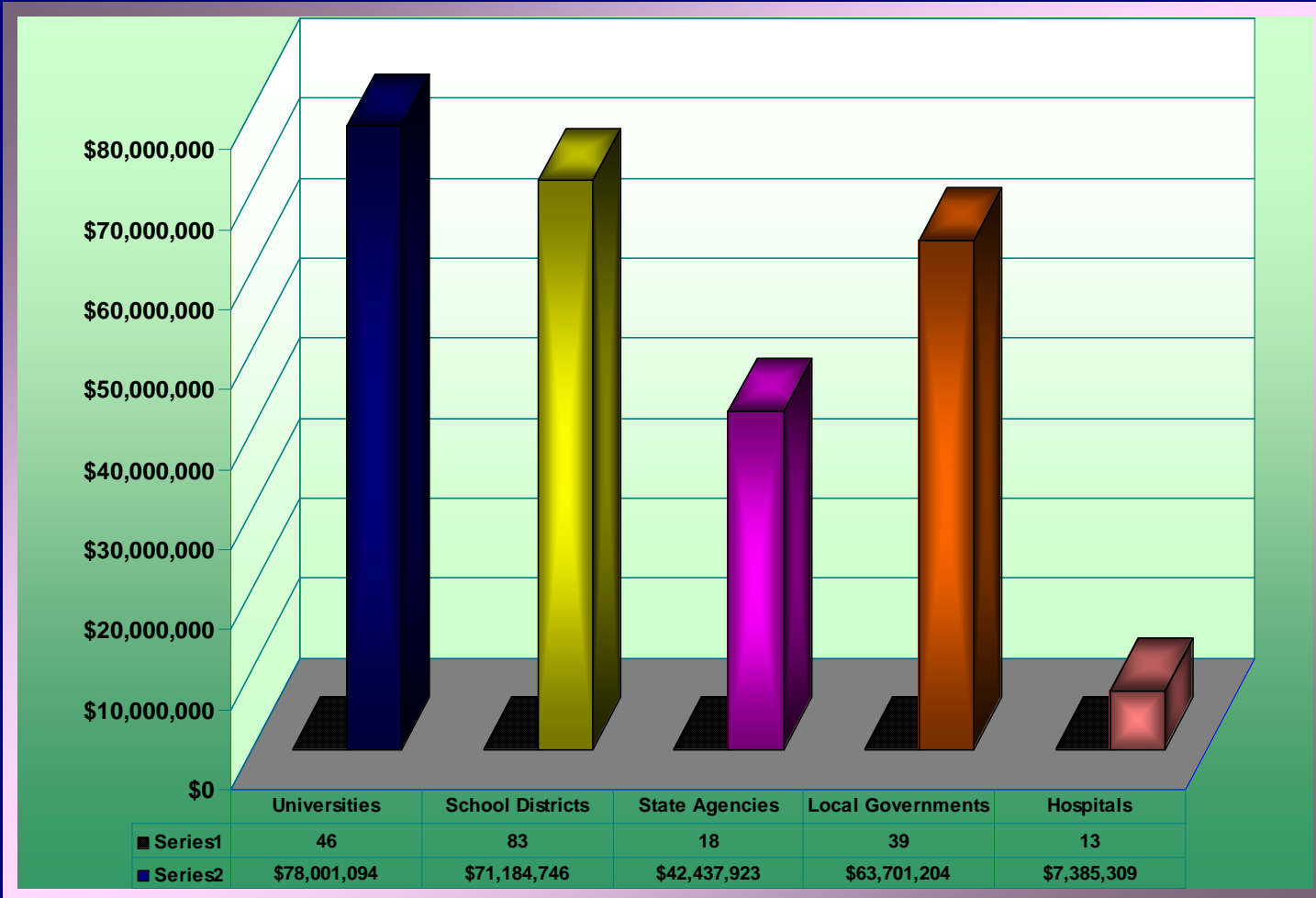
- **Low interest rate**
- **Repayment does not start until construction is 100% complete**
- **SECO pays for cost of third party energy assessment review, design review, and construction monitoring**
- **SECO's first and foremost goal - work with the Borrower to ensure a successful project**



# SECO

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## Total Loans to Date





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## **LoanSTAR Program Results**

- **199 loans totaling over \$262 million**
- **\$256 million cumulative energy savings**
- **\$13M annual savings**



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# **LoanSTAR Funds**

**Currently have a minimum  
waiting period of  
60 - 120 days.**



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## **Case Studies**

**City of Galveston (performance contract)**

**LoanSTAR - \$10M**

**Annual Savings - \$1.5M**

**Payback – 6 years**

**Projects – water meters  
pumping motors**



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## **Case Studies (cont.)**

**City of San Antonio (design, bid, built)**

**LoanSTAR - \$1.6M**

**Annual Savings - \$878K**

**Payback – 5 years**

**Projects – LED traffic and  
pedestrian lights  
conversion**



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## **Case Studies (cont.)**

**Arlington ISD (design, bid, built)**

**LoanSTAR - \$4.9M**

**Annual Savings - \$650K**

**Payback – 7.6 years**

**Projects – Lighting, Power Factor  
Corrections,  
& Mechanical system upgrades**



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## **Case Studies (cont.)**

### **Red Oak ISD (design, built)**

**LoanSTAR - \$2.2M**

**Annual Savings - \$312K**

**Payback – 8 years**

**Projects – Lighting, Occupancy  
Sensors, & EMS**

***Thanks...***



And feel free to call upon us or visit SECO's  
website at:

[www.seco.cpa.state.tx.us](http://www.seco.cpa.state.tx.us)