

Energy Efficiency Financing Foundations

Training for Public Sector
Facility Managers and
Finance Officers





U.S. DEPARTMENT
of ENERGY

Training Introduction

Purpose of Training



Help participants navigate “finance speak” and know which questions to ask.



Strengthen public sector knowledge of energy efficiency financing.

Help staff use financing to complete building energy upgrades.



Target Audiences

Audience #1:

- Public sector facilities managers
- Energy professionals



- Public sector capital project managers
- Procurement departments

Association examples:

- National Association of State Facilities Administrators (NASFA)
- International Facility Management Association (IFMA)

Association examples:

- Government Finance Officers Association (GFOA)
- National Association of State Procurement Officials (NASPO)
- National Institute of Governmental Purchasing (NIGP): Institute for Public Procurement

Audience #2:

State and local government staff—and other public agency staff—responsible for adopting, designing, or managing energy programs and policies.



Basis of Energy Savings

Savings Drivers:

- Energy savings depend on both performance and usage.
- Improved performance of facilities and equipment reduces energy consumption.
- Increased efficiency may also reduce number of hours needed to run facility or equipment.

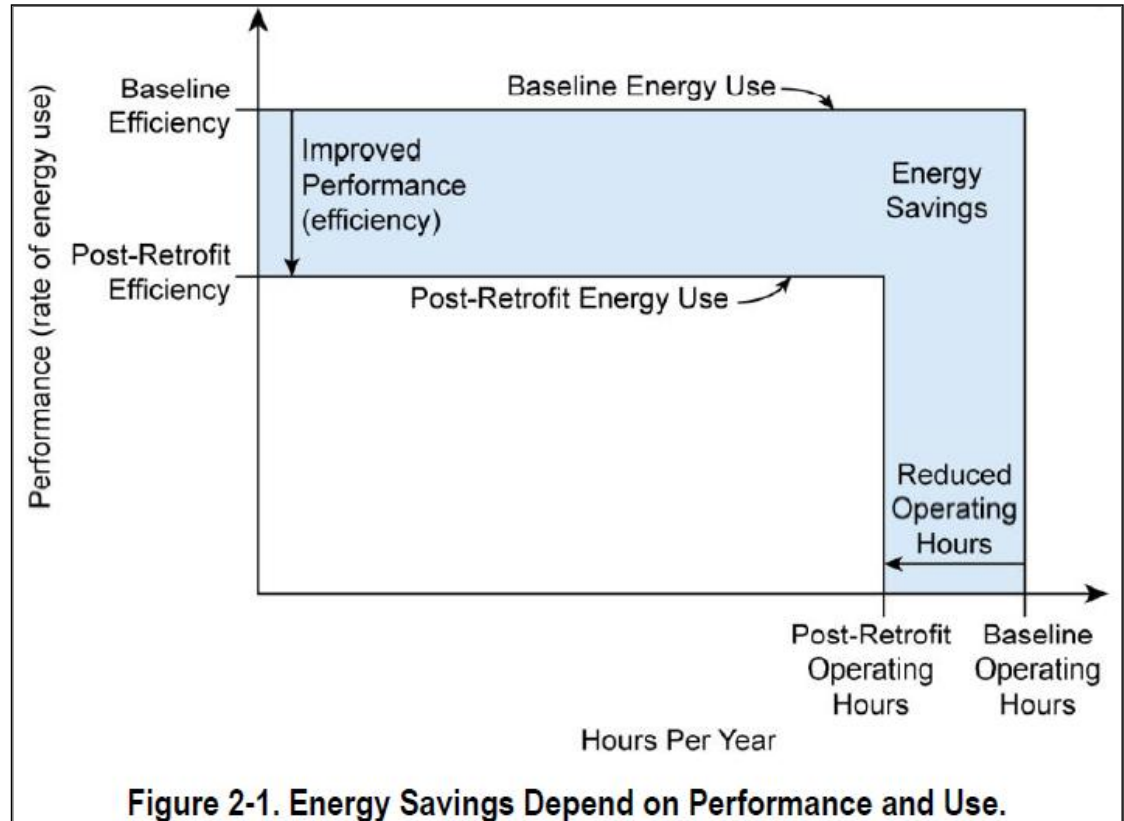


Figure 2-1. Energy Savings Depend on Performance and Use.

Source: [U.S. Department of Energy, Federal Energy Management Program \(FEMP\), M&V Guidelines](#)



Financing vs. Funding

- Financing:** A contractual arrangement in which a borrower repays an investor over time, typically with interest, in exchange for the investor covering the up-front costs of a project.
 - Examples: Bonds, leases, loans, energy savings performance contracts, energy as a service agreements
- Funding:** Money that can be used for capital projects or operating expenses without having to pay it back to a third party.
 - Examples: Internal funds, external grants

Year	Option A (Fast Track Financing)				Option B (Waiting for Cash)			
	Savings	Project Cost including financing	Annual Cash Flow	Cumulative Cash Flow	Savings	Project Cost	Annual Cash Flow	Cumulative Cash Flow
1	\$416,250	(\$516,453)	(\$100,203)	(\$100,203)	\$0	\$0	\$0	\$0
2	\$566,100	(\$516,453)	\$49,647	(\$50,556)	\$424,575	(\$3,302,250)	(\$2,877,675)	(\$2,877,675)
3	\$580,253	(\$516,453)	\$63,799	\$13,243	\$580,253	\$0	\$580,253	(\$2,297,423)
4	\$594,759	(\$516,453)	\$78,306	\$91,549	\$594,759	\$0	\$594,759	(\$1,702,664)
5	\$609,628	(\$516,453)	\$93,175	\$184,724	\$609,628	\$0	\$609,628	(\$1,093,036)
6	\$624,868	(\$516,453)	\$108,415	\$293,139	\$624,868	\$0	\$624,868	(\$468,167)
7	\$640,490	(\$516,453)	\$124,037	\$417,176	\$640,490	\$0	\$640,490	\$172,323
8	\$656,502	\$0	\$656,502	\$1,073,679	\$656,502	\$0	\$656,502	\$828,825

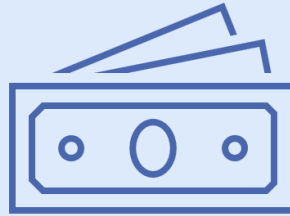
Source: [ENERGY STAR® Cash Flow Opportunity Calculator](#)



Learning Objectives



Understand key language and concepts.



Review the basics of different funding and financing options.



Anticipate issues that may arise when selecting and implementing financing solutions.



Determine what questions are important to ask in particular situations.



Enter into informed negotiations with vendors.



Communicate the value of financing to executive decision makers.



Training Format

Modules



- One 10-minute intro and six 50- to 60-minute modules
- Approximately 6 hours total
- Complete training at a pace that works for you
- Access any module at any time

Additional Resources



- References to case studies, tools, and other resources
- Interactive links allow you to click on and access resources any time



Module Topics



(1) Understanding your building assets and investment needs



(2) Comparing funding and financing



(3) Traditional financing products



(4) Specialized financing products



(5) Planning for ongoing commitments



(6) Engaging with stakeholders and partners



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