

# ILLINOIS FINANCE AUTHORITY/CLIMATE BANK

Energy Efficiency Revolving Loan Fund Kickoff

07/25/2024

# Agenda:

- Climate Bank Overview
- Energy Efficiency Revolving Loan Fund Bridge Loan Product
- IRA Tax Credits/Direct Pay
- State of Illinois Business Enterprise Program Registration
- EE RLF Pre-application and Working Groups





## THE IFA WAS DESIGNATED AS THE CLIMATE BANK BY CEJA



## CLIMATE BANK PURPOSE

- (1) the distribution of the benefits of clean energy in an equitable manner;
  - (2) making clean energy accessible to all; and
  - (3) *accelerating the investment of private capital into clean energy projects in a manner reflective of the geographic, racial, ethnic, gender, and income-level diversity of the State.*
- Climate & Equitable Jobs Act, 2021 (20 ILCS 3501/850-15)



In May 2024, U.S. Department of Energy (US DOE) allocated \$15,963,220 to the Illinois Climate Bank through an agreement with Illinois Environmental Protection Agency (IEPA) for purposes of establishing an Energy Efficiency Revolving Loan Fund.



90% of the funds allocated (\$14,366,898) have been received by the Illinois Climate Bank and are available for project use.



The loan is intended to help finance energy efficiency projects throughout Illinois.

## Energy Efficiency Revolving Loan Fund (EE RLF) Capitalization Grant Program

- The fund will provide Direct Bridge Loans to finance costs eligible for **federal IRA Tax Credits/Direct Pay provisions** for projects in Illinois that need financing for qualifying energy efficiency projects.
- Owners can use these loans to **bridge the gap between project installation and receiving their Direct Pay/Tax Credit**. The loan shall be repaid upon receipt of its refundable tax credit payment or incentive payment or maturity, whichever occurs first.
- For projects approved for the Illinois Solar For All (ILSFA) Program, the Bridge Loan will also finance the eligible ILSFA incentive.

## Buildings Eligible for the EE RLF Bridge Loan include:

- Nonprofit- and publicly-owned commercial buildings,
- Privately- owned commercial buildings, and
- Multifamily buildings with **five or more units** located in Illinois.
- *Single-family residential projects are not eligible for financing for this program.*

### Units of local government\*



### Other Public & Non-Profit



### Commercial Buildings and Clean Energy Project Developers



Borrowers must be eligible for Direct Pay or Tax Credit provisions pursuant to Inflation Reduction Act *and/or* Illinois Solar For All Program Incentives

\*Public Acts [103-0187](#) and [103-1023](#) ease the ability of local government units to borrow directly from the Illinois Finance Authority/Climate Bank.

## To qualify, the project *must* address at least one of the following:

1. Energy efficiency of the building or facility
2. Physical comfort of the building or facility occupants
3. Quality of the air in the building or facility

**Solar + energy storage** or **solar + energy efficiency** (but not solar on its own) projects meet these requirements.

## Audits

- Each project **must be recommended by a qualifying Energy Audit** and demonstrate that anticipated lifetime energy savings will equal or exceed the total cost of such improvements.
- Department of Energy requires the use of software that uses **BuildingSync** for all commercial energy audits.
- Check with your utility – energy audits may be available for free or low cost.



# Bridge Loan Program Details

## Key Features

- **Loan Amounts:** Ranging from \$50,000 to \$1,000,000.
- **Term:** Up to 24 months.
- **Interest Rate:** Below market, low interest rate (6% per annum or less).
- **Fees:** Upfront origination fee capped at 2%.
- **Payments:**
  - Interest shall be due at time of the final payment of principal on the Bridge Loan or at maturity, whichever occurs first.
  - The Borrower shall be required to make payment on principal within 30 days of receipt of any refundable tax credit payment or Illinois Solar for All project incentive for the amount received or at maturity, whichever occurs first.

In certain cases, the fund can participate with Lenders to provide additional financing for project costs, to be repaid with the energy savings, Illinois Shines Solar Renewable Energy Credit payments, or other incentives not included in the Bridge Loan.

**\*All Eligible Projects must comply with laborer wage and benefit requirements and reporting under the Davis-Bacon Act.**



# Eligible Energy Sources under the IRA

Section 48E and 45Y supports a wide range of clean energy technologies due to its technology-neutral approach. This means that any electricity generation technology that produces zero or near-zero greenhouse gas emissions can qualify for the credit.

This includes, but is not limited to:

- ❑ **Wind:** Onshore and offshore wind farms.
- ❑ **Solar:** Photovoltaic (PV) panels and concentrated solar power (CSP).
- ❑ **Geothermal Heating and Cooling:** Equipment that uses the ground or ground water as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure (under Sec. 48).
- ❑ **Hydropower:** Including both traditional and innovative low-impact hydroelectric projects.
- ❑ **Nuclear Power:** New generation nuclear reactors designed for high efficiency and safety.
- ❑ **Other Zero-Emission Technologies:** Emerging technologies that meet the zero-emission criteria.

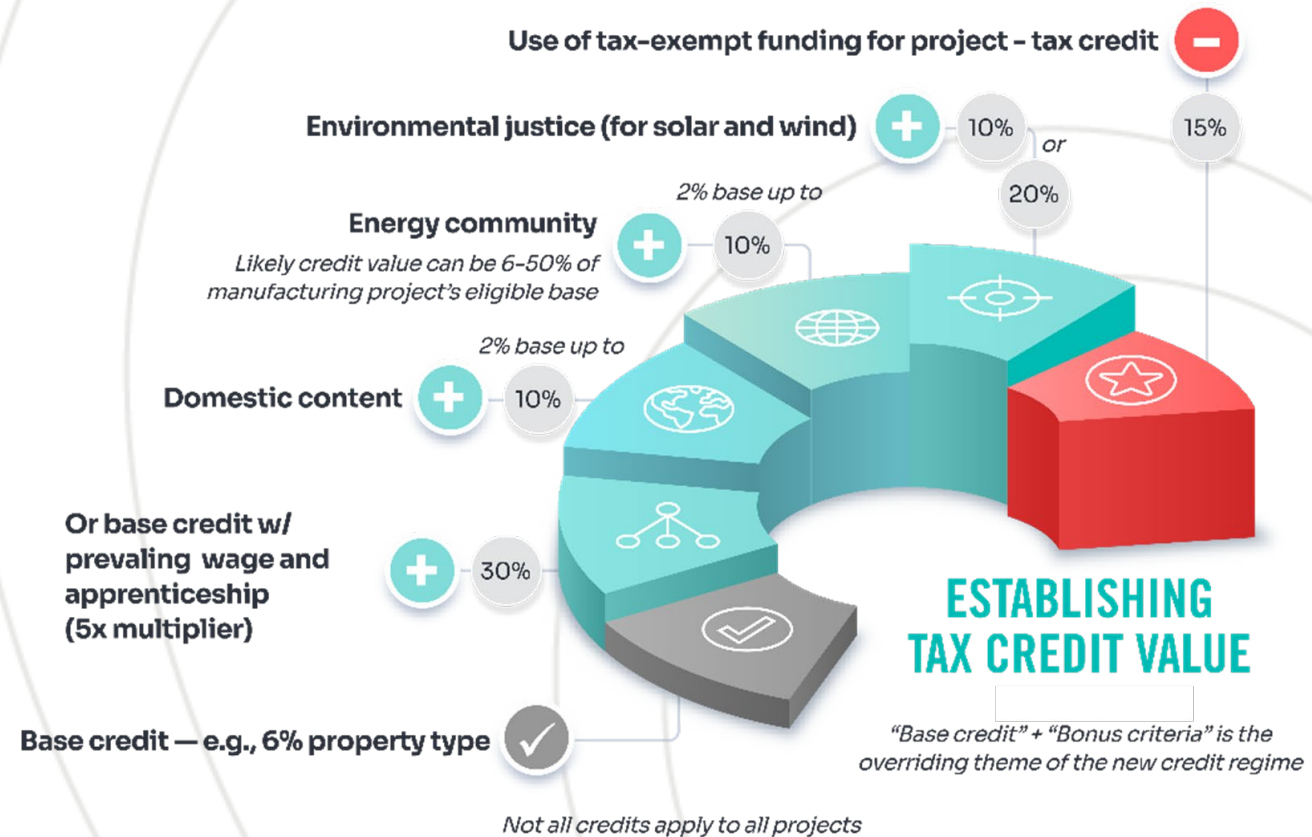


# Establishing the credit value

Organizations may be eligible to receive investment or production-based tax credits for eligible energy projects through the Inflation Reduction Act (IRA).

## Key Considerations

- Credit values are based on the applicable percentage of eligible “energy property”
- “Base credit” + “Bonus criteria” is the overriding theme of the IRA credit regime
- Energy credits have base value and a 5x multiplier on base credit is earned if prevailing wage and apprenticeship requirements are met
- The IRA provide bonus credit adders for projects meeting specific criteria
  - Domestic Content (Project Based)
  - Energy Communities (Location Based)
  - LIDAC Communities (Location Based)



# Expanded accessibility for clean energy tax credits under the IRA

## Three Key Provisions under the Act:

### 1. Transferability

- Tax credits can be sold to another taxpayer for cash, increasing flexibility in project financing.
- Allows entities without tax liability to monetize credits.

### 2. Direct Pay

- Tax-exempt entities (e.g., state and local governments, nonprofits, tribes) can receive a cash payment from the IRS.
- Applies to certain credits, broadening participation.

### 3. Extended Usability

- Credits can offset federal tax liability for up to 3 years retroactively and 22 years forward, maximizing value for project owners.

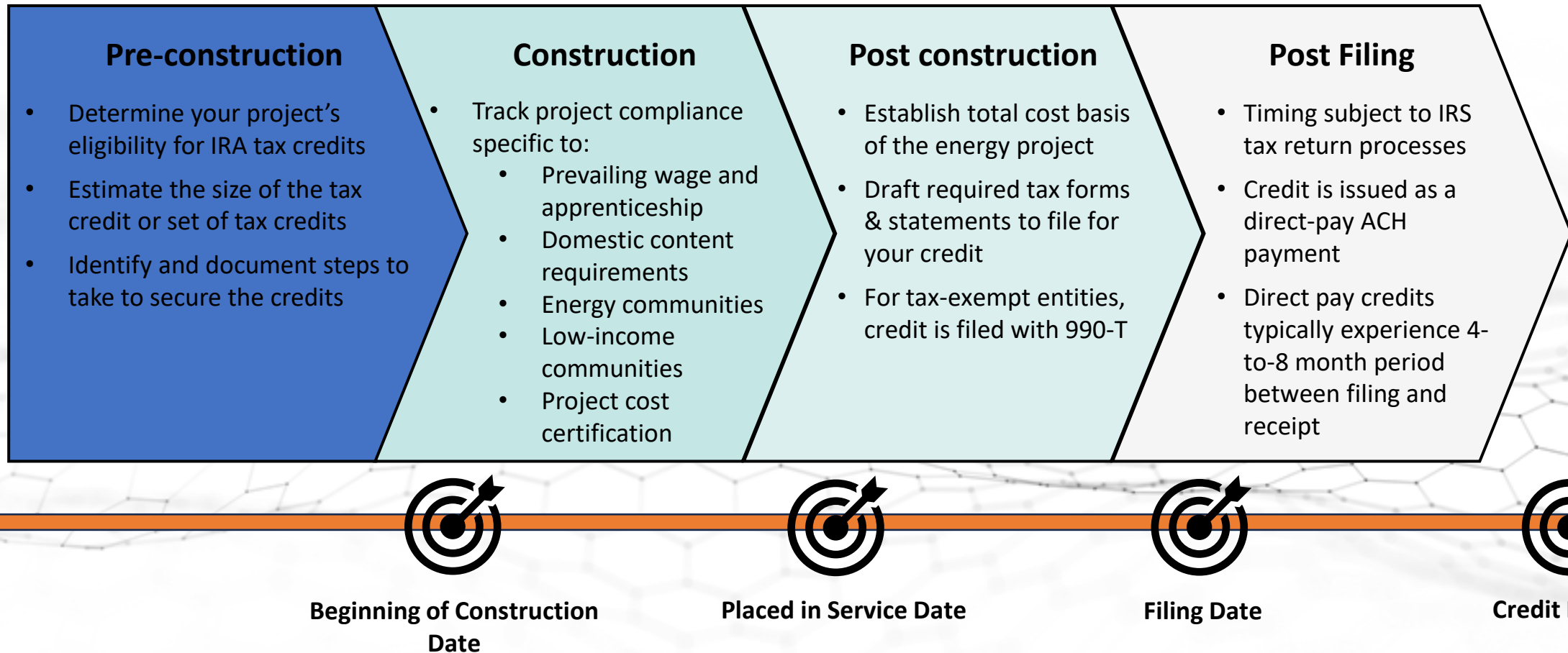
## Impact on Renewable Energy Projects:

- Encourages participation from diverse stakeholders.
- Enhances financing options, reducing barriers to entry.
- Promotes faster deployment of clean energy solutions.

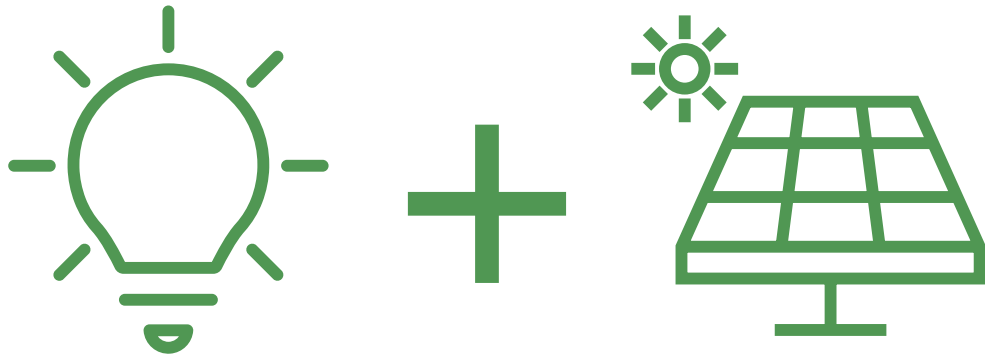
## Key Benefits:

- Broadens accessibility to tax credits.
- Unlocks new capital for projects.
- Simplifies clean energy adoption for tax-exempt and taxable entities alike.

# Understanding IRA tax credit timelines





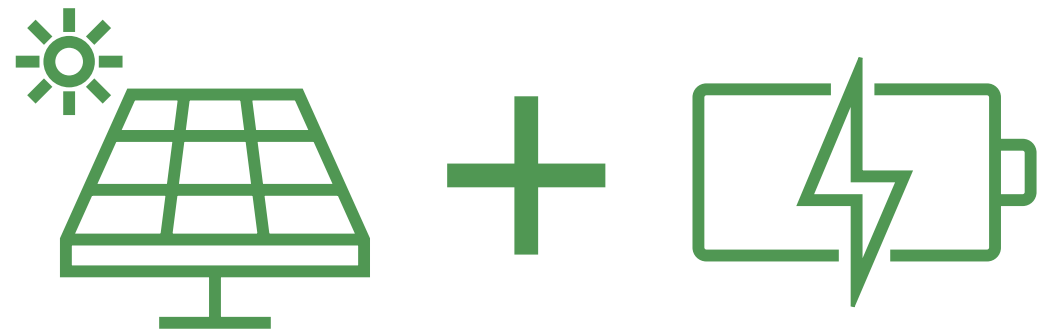


## Example 1: Energy Efficiency + Solar

- A City's Public Library conducts an energy audit that recommends HVAC and lighting upgrades as well as installing solar on their roof.
- The solar installation is eligible for the Investment Tax Credit. The HVAC/lighting upgrades make the project eligible for the EE RLF program.
- The public library applies for Direct Pay and receives an up-front EE RLF Bridge Loan covering the cost of the Tax Credits for the solar installation.

## Example 2: Solar + Energy Storage

- An affordable housing nonprofit conducts an energy audit that recommends installing solar and energy storage on their multifamily building.
- The solar installation and energy storage are eligible for the Investment Tax Credit and Illinois Solar for All project incentives. The use of energy storage makes the project eligible for the EE RLF program.
- The nonprofit applies for Direct Pay and Illinois Solar for All and receives an up-front EE RLF Bridge Loan covering the cost of the credits and incentives.





**State of Illinois  
Business Enterprise Program (BEP)  
&  
Veteran Business Program (VBP)  
Empowering Diverse Businesses in Illinois**



State of Illinois  
Commission on  
Equity & Inclusion

## BEP MISSION

The State of Illinois' Business Enterprise Program (BEP) for businesses owned by minorities, women, and persons with disabilities is committed to fostering an inclusive, equitable and competitive business environment that will support underrepresented businesses increase their capacity, grow revenue, and enhance credentials.



## Eligibility Requirements

Must be at least 51% owned and controlled by:

Minorities (Black, Hispanic, Asian, Native American)

Women

Persons with disabilities

Other Criteria:

Located in the U.S.

Annual gross receipts must not exceed \$150 million



# RECOGNIZED CERTIFYING ENTITIES



If certified by any of the above entities you can be Fast Tracked into the BEP  
\*\*\*there is no reciprocity\*\*\*

# FINDING OPPORTUNITIES WITH THE STATE OF ILLINOIS

Illinois Procurement Bulletin Boards



[www.bidbuy.Illinois.gov/bs0](http://www.bidbuy.Illinois.gov/bs0)



Illinois Public Higher Education  
Procurement Bulletin

[https://www.procure.stateuniv.s  
tate.il.us/dsp\\_index.cfm](https://www.procure.stateuniv.s<br/>tate.il.us/dsp_index.cfm)



[www.illinoistollway.com](http://www.illinoistollway.com)



Illinois Department  
of Transportation

[www.idot.Illinois.gov](http://www.idot.Illinois.gov)



CAPITAL  
Development  
BOARD

[www.Illinois.gov/cdb/](http://www.Illinois.gov/cdb/)

**You do not have to be BEP certified  
to bid on contract opportunities!**

# AGENCIES THAT RECOGNIZE BEP CERTIFICATION

ILLINOIS COMMUNITY COLLEGES



FEDERAL RESERVE BANK of CHICAGO



chicago park district



BOYDGAMING

# Small Business Set Aside Program

Program rules created by the  
Chief Procurement Officer - General Services

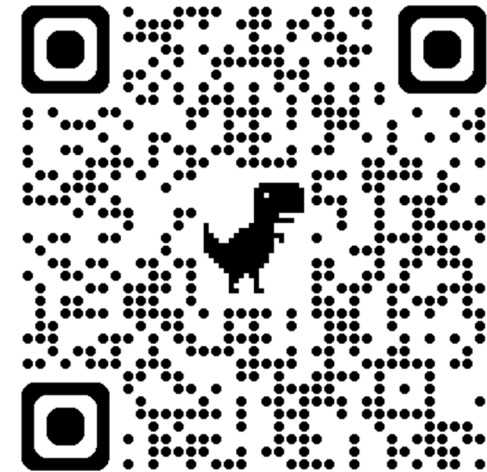
Two components of the Program (GS):

- Small Purchases under \$100,000
- Small business set aside
  - 600+ set aside categories

To promote small businesses, the Chief Procurement Officer for Higher Education encourages universities to utilize small businesses whenever possible

Register through the Illinois Procurement Gateway (IPG)

- <https://ipg.illinois.gov/>





# CORPORATE BUSINESS OPPORTUNITIES

## “Supplier Diversity Programs”

### ▶ Airlines:

- ▶ American
- ▶ United
- ▶ Delta
- ▶ Southwest

### ▶ Casinos

- ▶ Grand Victoria Casino, Elgin
- ▶ Hollywood Casino, Joliet
- ▶ Par A Dice Casino

### • Health/Medical:

- Blue Cross Blue Shield
- Aetna
- Cardinal Health
- Walgreens

### • Utilities:

- Peoples Gas
- Com Ed
- Comcast

## Contact Information for the Business Enterprise Program (BEP)

**State of Illinois**  
**Commission on Equity & Inclusion**  
**Business Enterprise Program**  
115 S. LaSalle Street  
Suite 4N  
Chicago, IL 60603

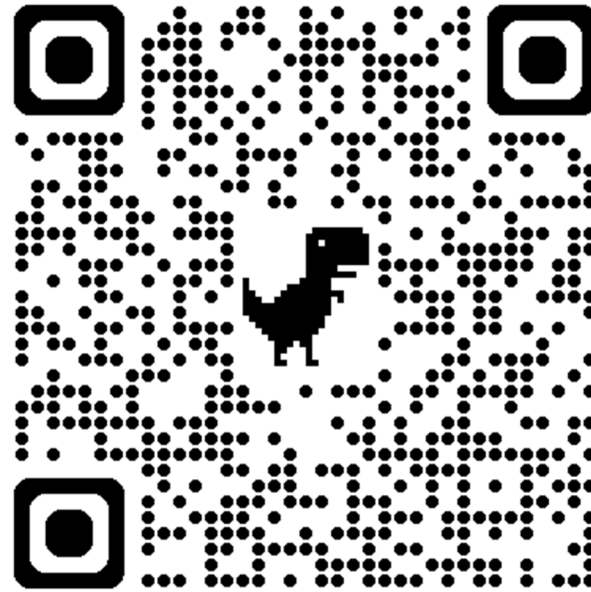
► Phone | 1-312-814-4190 or 1-800-356-9206

► **Hours of Operation:**

Monday-Friday, 8:30am - 5:00pm

► **BEP E-MAIL:**

► [cei.bep@illinois.gov](mailto:cei.bep@illinois.gov)



Scan the QR Code or visit the [BEP Certification Portal](#) to apply.



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The IFA is currently looking for anyone who works in or with any of the three focus areas, Lenders, Installers/Developers, and/or Non-Profit/Government institutions, to join working groups for the EE RLF. If you're interested in participating in one of these groups, please fill out our form [here](#).



Pre-applications are now open, please submit your applications [here](#).

The Building Energy Resource Hub is screening and answering questions. If you need help filling out your pre-application or have any questions, please contact the Hub help desk [here](#).







## Private Activity Bonds

IFA issues tax-exempt qualified private activity bonds for 501(c)(3) organizations and other conduit borrowers. Borrowers work with banks, underwriters, or placement agents of their own choosing.



## State Small Business Credit Initiative

IFA provides low-cost financing to small businesses for eligible climate-related projects.



## Commercial Property Assessed Clean Energy Bonds

IFA has statewide authorization to issue bonds and notes to fund eligible building improvements in any PACE area. Eligible improvements include energy efficiency, renewable energy, water use, and EV charging stations. Projects located in Cook County are not currently eligible.



**We want to hear from you!**

**Maria Colangelo**

**Vice President**

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