

Designing Equitable, Sustainable, and Effective Revolving Loan Fund Programs

DATE: March 29, 2022
SUBJECT: Request for Information (RFI)

Description

This request for information is intended to inform the U.S. Department of Energy (DOE) on promising, innovative, and best practices for designing revolving loan funds (RLFs). DOE is seeking to create program guidance that will assist States, as well as potentially other entities, in designing, managing, and improving RLFs. The goal is to collect information that will ultimately support creation of RLFs that effectively serve a wide array of borrowers with beneficial energy efficiency products and services and enable private sector capital to scale access to energy efficiency financing.

Background

On November 15, 2021, President Joseph R. Biden, Jr. signed the Infrastructure Investment and Jobs Act (IIJA; [Public Law 117-58](#)). The law is a once-in-a-generation investment in infrastructure, which will grow a more sustainable, resilient, and equitable economy through enhancing U.S. competitiveness in the world, creating good jobs, and ensuring stronger access to these economic benefits for underserved communities. The IIJA appropriates more than \$62 billion to DOE¹ to deliver a more equitable clean energy future for the American people by:

- Investing in American manufacturing and workers, including good-paying jobs with the right to join a union and effective workforce development to upskill new, incumbent, and dislocated workers.
- Expanding access to energy efficiency and clean energy for families, communities, and businesses to promote economic prosperity.
- Delivering reliable, clean, and affordable power to more Americans.
- Building the technologies of tomorrow through clean energy demonstrations.

¹ U.S. Department of Energy. November 2021. "DOE Fact Sheet: The Bipartisan Infrastructure Deal Will Deliver For American Workers, Families and Usher in the Clean Energy Future." <https://www.energy.gov/articles/doe-fact-sheet-bipartisan-infrastructure-deal-will-deliver-american-workers-families-and-0>

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Toward this end, IIJA appropriated \$250 million to DOE to make funds available to States² to implement energy efficiency revolving loan fund capitalization grant programs ([Sec. 40502](#), or [42 U.S.C. 18792](#)). These capitalization grants enable States to establish a RLF to provide loans and provide grants for commercial and residential energy audits, energy upgrades, and retrofits among other activities. Many States have experience running RLFs, such as through use of funds made available from the American Recovery and Reinvestment Act of 2009 ([Public Law No. 111-5](#)). The IIJA offers a new opportunity to support establishment of new RLFs where they do not currently exist, or to augment and diversify offerings of existing RLFs. Section 40502 of the IIJA offers States flexibility in designing and implementing these RLFs, within limits set by the statute and the Secretary of Energy. More information about RLFs can be found here: <https://www.energy.gov/eere/slsc/revolving-loan-funds>

DOE and partner organizations have developed resources assessing the availability of financing, incentives, and other programs that support energy efficiency deployment in residential and commercial buildings. Resources produced by the [State & Local Energy Efficiency Action Network Financing Solutions Working Group](#), [Lawrence Berkeley National Laboratory](#), and the [National Association of State Energy Officials](#) have surveyed the prevalence and designs of various RLFs throughout the country. DOE seeks to build upon this base knowledge by better understanding program changes over the last five years, and understand the perspectives of private lenders, public clean energy finance entities, such as Green Banks, investors, labor unions, tribal organizations, community development organizations, environmental justice organizations, disadvantaged communities, and other energy system stakeholders on these topics.

Purpose

The purpose of this Request for Information (RFI) is to solicit input from private lenders, investors, labor unions, tribal organization, community development organizations, community lenders, clean energy finance providers, energy efficiency as a service companies, environmental justice organizations, disadvantaged communities, States, local governments, and other energy system stakeholders to inform the U.S. Department of Energy's program guidance for States developing RLFs from funding made available through the [Infrastructure Investment and Jobs Act Sec. 40502](#), "Energy efficiency revolving loan fund capitalization grant program."

² A "State" is defined as "a State, the District of Columbia, Puerto Rico, or any territory or possession of the United States." 40 CFR 420.2.

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Responses from this RFI will be used to inform DOE's program support documentation to help States in creating, augmenting, or refining their RLFs to drive successful and equitable outcomes. This documentation may be used to support States in drafting their applications to DOE or their own program design documentation.

Disclaimer and Important Notes

This RFI is not a Funding Opportunity Announcement (FOA); therefore, EERE is not accepting applications at this time. EERE may issue a FOA in the future based on or related to the content and responses to this RFI; however, EERE may also elect not to issue a FOA. There is no guarantee that a FOA will be issued as a result of this RFI. Responding to this RFI does not provide any advantage or disadvantage to potential applicants if EERE chooses to issue a FOA regarding the subject matter. Final details, including the anticipated award size, quantity, and timing of EERE funded awards, will be subject to Congressional appropriations and direction.

Any information obtained as a result of this RFI is intended to be used by the Government on a non-attribution basis for planning and strategy development; this RFI does not constitute a formal solicitation for proposals or abstracts. Your response to this notice will be treated as information only. EERE will review and consider all responses in its formulation of program strategies for the identified materials of interest that are the subject of this request. EERE will not provide reimbursement for costs incurred in responding to this RFI. Respondents are advised that EERE is under no obligation to acknowledge receipt of the information received or provide feedback to respondents with respect to any information submitted under this RFI. Responses to this RFI do not bind EERE to any further actions related to this topic.

Confidential Business Information

Pursuant to 10 CFR 1004.11, any person submitting information that he or she believes to be confidential and exempt by law from public disclosure should submit via email, postal mail, or hand delivery two well-marked copies: one copy of the document marked "confidential" including all the information believed to be confidential, and one copy of the document marked "non-confidential" with the information believed to be confidential deleted. Submit these documents via email or on a CD, if feasible. DOE will make its own determination about the confidential status of the information and treat it according to its determination.

Evaluation and Administration by Federal and Non-Federal Personnel

Federal employees are subject to the non-disclosure requirements of a criminal statute, the Trade Secrets Act, 18 USC 1905. The Government may seek the advice of qualified non-Federal

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personnel. The Government may also use non-Federal personnel to conduct routine, nondiscretionary administrative activities. The respondents, by submitting their response, consent to EERE providing their response to non-Federal parties. Non-Federal parties given access to responses must be subject to an appropriate obligation of confidentiality prior to being given the access. Submissions may be reviewed by support contractors and private consultants.

Request for Information Categories and Questions

Note that while this RFI seeks information about various issues and replicable elements of existing loan programs, of particular interest to DOE is information about RLFs that are government-backed and/or that are focused on deploying energy efficiency technologies, while growing a more sustainable, resilient, and equitable economy, creating good union jobs, and ensuring stronger access to these economic benefits for underserved communities.

Category 1: Equitable Access to Financing

1. What program models for revolving loan funds (RLFs) exist that can drive more equitable access to residential energy efficiency financing? What specific RLF program design elements result in equitable access and greater energy and environmental justice? Is there analysis demonstrating RLFs with successful reach to and benefits for low- and moderate-income, underserved, or disadvantaged households and businesses?
2. Are there program models for government-backed or other financing tools that are successfully driving equitable access to energy efficiency financing? Do these programs have lessons learned that may be applicable to RLFs for delivering equitable results?
3. How can RLF program administrators assure that prospective borrowers leverage all appropriate potential efficiency grant/incentive funding available to them before taking on debt?
4. What are best practices for loan terms for borrowers for RLF program design for example regarding loan application procedures, interest rates, loan size, and mitigating penalties and risks such as delinquency and default?
5. In [IIJA sec. 40502\(e\)\(2\)\(E\)](#), the provision states, “[e]ach State providing loans under this paragraph shall, to the maximum extent practicable, provide loans to eligible recipients that do not have access to private capital.” How might States determine which eligible recipients do not or have not had access to private capital? What resources or datasets may be useful to define this group?

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6. What contractor pre-qualification conditions or labor standards will serve to ensure that the high-quality workmanship that delivers the intended energy savings to consumers?

Category 2: Program Success & Sustainability

7. Which RLF program models and design factors have:
 - a. Successfully engaged private lenders to drive wider access to low-cost energy efficiency financing?
 - b. Integrated with other financing program models for greater impact (i.e., PACE, PAYS, etc.)?
 - c. Measured progress toward the goals of decarbonization, improving indoor air quality and/or maximizing health benefits?
 - d. Incorporated job creation with the opportunity to join a union and diversification of workforce over time?
 - e. Supported upskilling opportunities for building efficiency workers?
 - f. Led to State or local RLFs becoming self-sustaining beyond capitalization/federal funding?
8. What are relevant lessons learned from existing or previously existing RLFs that can inform future RLF program design? What have been characteristics of RLF programs that are or have been less successful?
9. How can a RLF program be best designed to instill greater confidence to private lenders that investment in the program provides acceptable levels of risk and benefit for the lender(s)?
10. How can upfront contractor pre-qualification and/or rigorous quality assurance/quality control processes promote high quality workmanship, leading to projected savings?

Category 3: Supporting Tools & Resources

11. Are there other funding resources that States may leverage in combination with DOE-provided energy efficiency revolving loan capitalization funding to better ensure successful outcomes (e.g., other funding streams or programs supporting a loan loss reserve, debt service reserve fund, etc.)? What other elements of a funding ecosystem can drive success of RLFs, particularly for low- and moderate-income, underserved, or disadvantaged audiences?
12. Are there other existing programs or program models that RLFs could coordinate with to increase access to clean energy resources, electrification projects, and other decarbonization efforts?

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13. What tools, supports, and other resources could States leverage to ensure the jobs created by the RLF are well-paying jobs, with union pathways, accessible to disadvantaged workers?
14. What data collection, auditing, modeling, or sales tools or combination of tools can be used to meet the audit requirements as described in [IIJA sec. 40502\(e\)\(2\)](#)?
15. What certification, skill, or other standards for qualified contractors have energy efficiency RLFs or other programs proven successful in terms of outcomes for borrowers?
16. What tools or combination of tools can be used to track program success and impacts while relieving burden on contractors and programs?

Category 4: Job Quality, Buy America, and Climate Impact

17. In what ways, if any, might this RLF impact a region's workforce? For example:
 - a. To what extent might the RLF impact job growth and changes in job quality?
 - b. To what extent might the RLF impact construction jobs? Non-construction jobs?
 - c. How should RLF program managers ensure compliance with Davis Bacon prevailing wage requirements over time?
18. Given that the RLFs will support the construction, alteration, maintenance, or repair of buildings and real property, please identify any iron, steel, manufactured goods/products or construction materials which are crucial to this work, and whether these items would normally be procured domestically or from a foreign source.
19. For any item that would normally procure from a foreign source, please specify how RLF programs could go about procuring these items domestically, and what would be the anticipate impact of this effort? What federal support could help in domestic procurement?
20. In what ways, if any, might this RLF encourage lending for energy efficient fuel switching (e.g., electrification) projects and discourage lending for projects reliant on fossil fuels?

Category 5: Open Response on Revolving Loan Fund Program Design

21. Is there anything else DOE should be aware of as it develops RLF program design guidance?

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Request for Information Response Guidelines

Responses to this RFI must be submitted electronically to EERevolvingLoanFund@ee.doe.gov no later than 11:59 pm (ET) on May 6, 2022. Responses must be provided as attachments to an email. It is recommended that attachments with file sizes exceeding 25MB be compressed (i.e., zipped) to ensure message delivery. Responses must be provided as a Microsoft Word (.docx) or PDF attachment to the email, and no more than 5 pages in length, 12-point font, 1-inch margins. Only electronic responses will be accepted.

Please identify your answers by responding to a specific question or topic if applicable. Respondents may answer as many or as few questions as they wish.

EERE will not respond to individual submissions or publish publicly a compendium of responses. A response to this RFI will not be viewed as a binding commitment to develop or pursue the project or ideas discussed.

Respondents are requested to provide the following information at the start of their response to this RFI:

- Company / institution name;
- Company / institution contact;
- Contact's address, phone number, and e-mail address.

In addition to providing written responses to this RFI, respondents may request a 30-minute individual discussion with an EERE staff member regarding the content of their written responses to the RFI questions. Similarly, if a respondent is unable to submit written responses, or would otherwise prefer to do so, they may request a 30-minute individual discussion with an EERE staff member to verbally provide responses to the RFI questions. If a respondent wishes to participate in an individual discussion for either of these reasons, please submit your request to EERevolvingLoanFund@ee.doe.gov and you will be contacted by an EERE staff member to schedule a time for the discussion. Requests for an individual discussion must be requested no later than 8:00pm (ET) on April 22, 2022.

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