

CITY OF REDDING, CALIFORNIA

Council Policy

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Low-Interest, Energy-Efficient Loans for Business Customers	98-140	1410	10/06/98	1

Background

On June 2, 1998, the City Council adopted a resolution instituting a Public Benefits Program for the City of Redding Electric Utility. Public Benefits programs were mandated by AB1890 (Electric Utility Restructuring Legislation) and signed into law by the governor of California in September of 1996. The mandated expenditures under the program are a fixed percent of a utility's revenues. For municipal utilities like the City of Redding, the charge is calculated by taking 2.85 percent of the current year's revenues from 1998-2000 and 2.7 percent in 2001. The percentage equates to approximately \$1,700,000 annually for Redding's Public Benefit Program.

Consumer-owned utilities like Redding can decide, within broad defined categories, how these funds should be spent for the benefit of the local community. At the June meeting, the City Council decided that low-interest, energy-efficient loans for business customers are a justifiable and appropriate use of these Public Benefit monies. The City Council felt that businesses may be interested in realizing energy-efficiency savings but may be reluctant to commit their own funds for such improvements. The low-interest loan program is designed to mitigate this reluctance. Businesses that are energy efficient have the advantage of higher productivity, lower costs, and are also good showcases for energy-efficiency technology.

Purpose

The goal of this policy is to define the parameters and procedures for implementation of the Low-Interest Loan program for business customers.

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Eligibility Criteria

To obtain a low-interest loan under this program, an applicant needs to fulfill the following criteria:

1. Must be a commercial business and City of Redding customer.
2. Loans are intended solely for energy-efficient equipment and retrofits.
3. Projects funded will fall within one of the following categories:
 1. Lighting
 2. Heating, Ventilation, and Air Conditioning (HVAC)
 3. Industrial processes
 4. Non-electro mechanical products that increase building energy efficiency (solar screens, awnings, insulation, etc.)

Projects are expected to push the envelope of energy efficiency (exceed minimum mandated energy-efficiency standards).

4. The Electric Department shall establish and keep current a list of minimum technical specifications for lighting and HVAC that a proposed project will be required to meet for energy-efficiency upgrades. Applications for industrial processes loans will be assessed on an individual case-by-case basis.
5. Loans are intended for new installations or projects. Loans are not intended to finance projects

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that have already been completed.

6. Projects will require a pre- and post- inspection from City of Redding Electric Department staff.
7. The loan amount will apply only to equipment purchases and contract labor. Internal labor is not eligible for interest rate subsidization.
8. If projects require a contractor, every effort should be made to utilize a Shasta County contractor.
9. To be eligible, a customer is required to have a good credit history as reported by standard credit reporting agencies and procedures.
10. Loans will be processed and provided by financial institution(s) in partnership with the City. The institution will actually make the loan. The City is a passive participant in the loan and assumes no liability for repayment of the loan.
11. The City of Redding will subsidize interest rate payments to the financial institution(s) for the purpose of this low-interest loan program.
12. The maximum amount of interest subsidized for any one customer will be \$10,000.
13. The maximum loan period is ten years.
14. A citizens' committee made up of Electric Department staff and business representatives selected by Council will review applications and prioritize projects to receive the low-interest loans.
15. Generating technologies or fuel switching do not qualify under this program.