



State Energy Conservation Office

Comptroller of Public Accounts

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LoanSTAR Program – Abstract

The Texas LoanSTAR (Loans to Save Taxes and Resources) program was conceived as a \$98.6 million capital retrofit program for building energy efficiency. Funding source is from petroleum violation escrow funds (PVE) from the Federal government.

LoanSTAR is administered by the Texas State Energy Conservation Office of the Comptroller's Office and is currently the largest revolving loan fund administered by a state for conservation purposes.



LoanSTAR Program – Introduction and Concept

The Texas LoanSTAR Program was initiated by the Texas Energy Office in 1988 and subsequently approved by the U. S. Department of Energy (DOE) as a statewide energy efficiency demonstration program.

The Program's revolving loan mechanism allows borrowers to repay loans through the stream of cost savings realized from the retrofit projects.



LoanSTAR Program – Demonstration Phase

- *SECO was required to provide oversight and documentation to prove funded retrofit energy projects would pay for themselves.*
- *SECO implemented extensive quality control measures including:*
 - *develop energy assessment technical guidelines*
 - *implement extensive metering and monitoring to track pre and post retrofit energy consumption*
 - *design review - minimum 50% & 100% complete*
 - *on-site construction monitoring – minimum 50% & 100%*



LoanSTAR Program – Demonstration Phase (cont.)

- *As a result, audit estimated energy savings were exceeded by as much as 20% and approval from DOE to remove the “demonstration” label from LoanSTAR!*



LoanSTAR Program – Enhancements

- *1989 - 1994—original finance term – 4 years*
- *1995 – finance term extended to 8 years*
- *2000 – finance term extended to the current payback term of 10 years*
- *2001 – DOE approval to finance water conservation and Energy Services Companies (ESCO) projects*



LoanSTAR - Eligible Projects

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



LoanSTAR - Eligible Projects (cont.)

- *Building shell improvements*
- *Loan Management Projects*
- *Energy Saving Water Projects*
- *Systems Commissioning*



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*



LoanSTAR - Today

- *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*



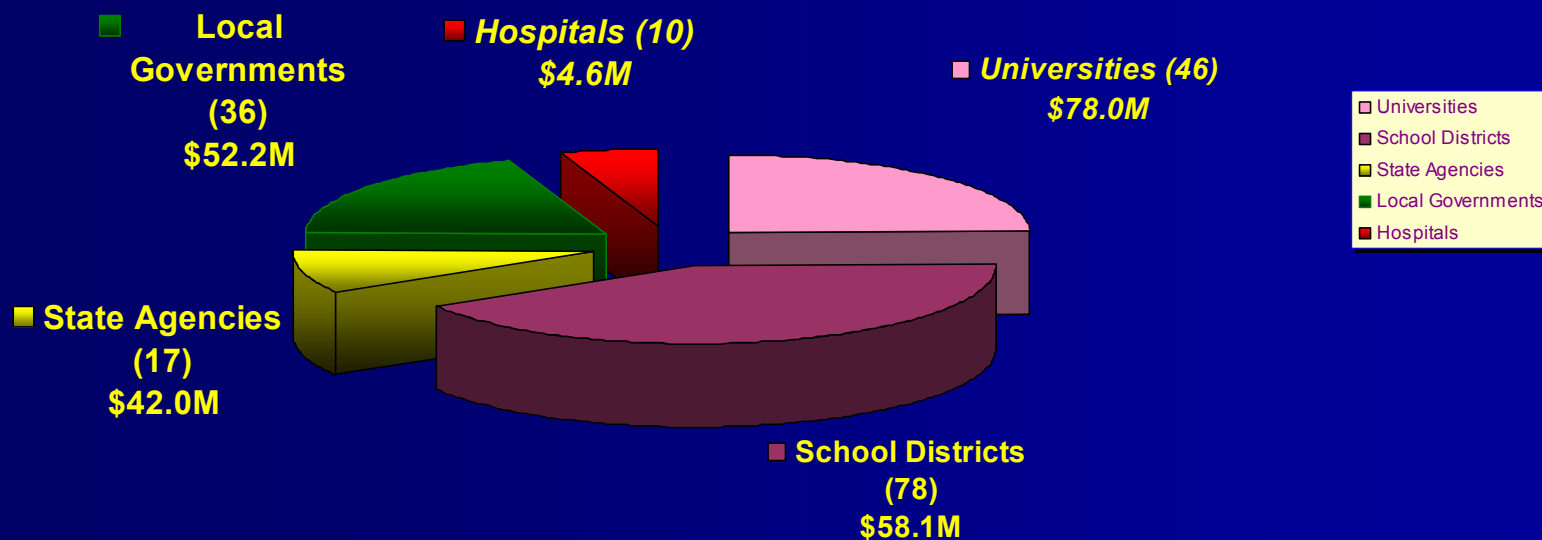
LoanSTAR Program – Today (cont.)

- *Interest Rate – 3%*
- *Total funded loans–187=\$234 million*
- *Total cumulative energy savings - \$200 million*
- *Annual energy savings - \$13 million*
- *Request of over \$20 million waiting for funding*



LoanSTAR Program – Funding by Category

Total Loans Funded as of January 2007





Case Studies

City of Austin (traditional design, bid, built)

LoanSTAR - \$3,358,000

Annual Savings - \$1,686,400

Payback – 2.0 years

Projects – LED traffic light project



Case Studies (cont.)

City of Dallas (performance contract – design, built)

LoanSTAR - \$9.5M

Annual Savings - \$1.5M

Payback – 6.5 years

Projects – lighting, chiller/cooling tower/VFDs/boilers, EMS

Thanks....



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

www.seco.cpa.state.tx.us