



Shumlin administration, legislative leaders and VEDA to create Vermont Clean Energy Loan Fund

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by Andrew Stein

Gov. Peter Shumlin and legislative leaders on both sides of the aisle announced on Wednesday that they fully support investing up to \$10 million from the state's treasury for commercial loan programs run by the Vermont Economic Development Authority.

State Treasurer Beth Pearce wholeheartedly backs the proposal to lend state dollars to VEDA for the Vermont Clean Energy Loan Fund, which will help businesses improve energy efficiency and build renewable energy projects.

"There is no risk to the taxpayer," Pearce said. "This is a guaranteed loan to VEDA with a rate of interest. And VEDA will continue to make loans and do their underwriting."

The treasury dollars were already slated for investment, Pearce said, and she'd prefer to grow state capital by helping Vermont businesses improve their assets.

"In this case, what we're doing is taking our resources and investing them locally and investing them in areas that are important to Vermonters," she said. "I consider this a win-win-win all the way around."

VEDA, private banks, Efficiency Vermont, the Vermont Energy Investment Corp. and the Clean Energy Development Fund would team up to encourage private market lending and consolidate state energy loan programs into the Clean Energy Loan Fund.

Senate President Pro Tem. John Campbell, D-Windsor, and House Speaker Shap Smith, D-Morrisville, announced their intent to create legislation that would allow for this type of arrangement.

Smith said the state treasury's investment in the fund would help jumpstart private market programs that would advance state renewable energy goals and thermal efficiency initiatives. The state's comprehensive energy plan sets a goal of shifting 90 percent of the state's energy resources to renewables by 2050, [2] and a Vermont statute enacted in 2008 [3] calls for the state to improve the thermal efficiency of 25 percent of the state's housing stock, or 80,000 homes, by 2020.

"We know that in tight budgetary times ... those investments are going to be harder to make coming out of public funds," he said. "We need to transition into private financing mechanisms."

As the House Natural Resources and Energy Committee wrestles with a bill to fund thermal efficiency upgrades, Smith said this initiative would help reduce the state's dependence on oil.

"We all know we need to move off of our addiction to oil, and in doing that we need to focus on not only renewable energies but being more efficient in the way that we're using oil now," he said. "The lowest cost fuel oil is that which we don't use."

The Vermont Clean Energy Loan Fund would be comprised of four programs. The first is a new "Energy Efficiency Loan Guarantee Program" with a capacity of \$8 million to \$10 million for loans up to \$350,000. The second is the "Small Business Conservation Loan Program," which already contains 45 loans totaling \$3.24 million that are allocated for a range of energy conservation projects.

The fund would also include the "Renewable Energy Loan Program," which has loans totaling \$4.9 million and doles out loans up to \$1.5 million. VEDA CEO Jo Bradley said that VEDA has a credit line of \$120 million to borrow from J.P. Morgan for this program. The final notch in the energy loan fund's belt is an "Agricultural Energy Loan Program" for projects like agricultural digesters. VEDA would work with the USDA and Yankee Farm Credit to finance such projects.

Bradley said the fund would lend at interest rates of about 2 percent to 3 percent, compared to the roughly 6 percent that private banks would normally charge. The level of interest that the state would charge VEDA for its loans is yet to be determined.