

# Commercial Financing Options For Renewable Energy Systems

## CALIFORNIA ENERGY COMMISSION

Renewable Energy Program  
1516 Ninth Street, MS 45  
Sacramento, CA 95814-5512



STATE OF CALIFORNIA  
Gray Davis, *Governor*

Mary D. Nichols  
*Secretary for Resources*

William J. Keese, *Chairman*  
*Commissioners:*

Robert Pernell  
Arthur H. Rosenfeld  
James D. Boyd  
John L. Geesman

Steve Larson, *Executive Director*

For information on renewable energy options and incentives in California

[Energy Commission Website  
www.consumerenergycenter.org](http://www.consumerenergycenter.org)

**Energy Commission Call Center  
1-800-555-7794**



## Relying on Renewable

Are you interested in reducing your energy costs by using renewable energy, but do not have the capital to afford the equipment? This fact sheet highlights various loan programs currently available.

### Loan Program Basics

Loan products can be divided into two categories—secured and unsecured. As a general rule, unsecured loans have shorter terms (1-3 years) and relatively high interest rates. Unsecured loans are also known as business credit cards or business line of credit. Secured loans have longer terms and relatively lower interest rates, with the rate and term dependent upon the strength of the collateral and the creditworthiness of the borrower. Collateral can be in the form of equipment or real property.

Subsidized and targeted loans are also available to minority and women-owned businesses via the Small Business Administration. Generally, these loans are offered with a 'guaranty' by a state or federal agency to secure the loan.

### Commercial Business Resources

On the reverse, you will find a list of lenders that offer attractive financing solutions. This fact sheet details a variety of financial loan products targeted directly at investments in renewable energy. To find out more about specific financing options, log onto the web addresses detailed for the particular lender you are interested in, or use the contact telephone numbers listed. Please visit the Energy Commission's website or call the Energy Call Center (see left) for information on renewable energy options and incentives in California.

LOAN EXAMPLES (\$45,000)			
Term and Rate	5 years @ 5%	10 years @ 8%	15 years @ 9%
Monthly Payment	-\$866	-\$559	-\$465
Energy Savings	\$243	\$243	\$243
Interest Savings	\$46	\$73	\$85
Tax Credit Savings	\$452	\$226	\$151
Net Monthly Payment	-\$125	-\$17	+\$14

A business owner in Concord with an annual electricity bill of \$20,000 is considering the purchase of a 10 kW photovoltaic (PV) system with an installed cost of \$90,000. After receiving the Energy Commission "rebate" of \$45,000 the net cost of the system would be \$45,000. Savings in year one from PV electricity production at their current utility rates is projected to be \$2,918. If they finance the net cost of the system of \$45,000 with a 15 year loan at 9% interest it would result in an annual payment of \$5,580. This business owner would also save \$42,454 in taxes resulting from the 10% Federal Business Energy Tax Credit, 15% California Solar Tax Credit, State and Federal Depreciation and deductions for interest expenses. If the business paid cash for the system, the simple payback term would be 6.1 years. If electricity rates continue to rise the payback time would be shorter. If you would like to evaluate the savings for your situation, use the Clean Power Estimator found at the Energy Commission website (see left).

**Assumptions:** Annual electricity production from the PV system in Concord is estimated to be 18,265 kWh. The annual electricity used was 18,262 kWh. The current utility rates for this example range from about \$.14 to \$.23 per kWh. Tax savings were estimated assuming the business owner is in a 34% federal and 8.5% state tax bracket.

# Commercial Financing Options For Renewable Energy Systems

	Loan Program	Contact	Loan Amount	Term	Interest Rate
<b>Equipment Secured Loans</b>	Energy Efficiency Improvement Loan Program	Safe-Bidco www.safe-bidco.com tel: 800.273.8637	\$250,000 Max Up to 10 yrs Savings	5 yrs	5.00%
	Equipment Efficiency Loan Program	Credit America www.creditamericafunding.com tel: 800.422.9977	No Limits	5 to 25 yrs	Prime plus 1-3%
	Equipment Efficiency Loan Program	GE Capital www.gecapital.com tel: 800.460.5442	No Limits	5 to 25 yrs	Prime plus 1-3%
	Equipment Efficiency Loan Program	PFG Energy Capital www.pfgenergy.com tel: 800.589.4532	No Limits	5 to 25 yrs	Prime plus 1-3%
	Equipment Efficiency Loan Program	Rural Council of Rural Counties www.rccrnet.org tel: 916.447.4806	No Limits	5 to 25 yrs	Prime plus 1-3%
<b>Real Estate Secured Loans</b>	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank www.sbaonline.sba.gov tel: 818.552.3210	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
	SBA 504	SBA / Small Business Administration / Bank (as above)	\$750,000	10 to 20 yrs	Fixed / Variable
	Collateral Mortgages	Collateral Mortgage, Ltd. www.collateral.com tel: 205.978.1840	No Maximum	15 to 30 yrs	Fixed / Variable
	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
	SBA 504	SBA / Small Business Administration / Bank (as above)	\$750,000 Max	10 to 20 yrs	Fixed / Variable
<b>Unsecured Loans</b>	Commercial Loan	Credit America (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
	Commercial Loan	GE Capital (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
	Commercial Loan	PFG Energy Capital (as above)	\$50,000	5 to 7 yrs	Fixed / Variable
	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
	SBA Express	Small Business Administration (as above)	\$150,000	15 to 20 yrs	Market
<b>Guaranty Loans</b>	Business & Industry Loan Guaranty	USDA Rural Business Service www.rurdev.usda.gov/rd/ tel: 530.792.5805	\$1 million to \$10 million	1 to 10 yrs	Fixed / Variable - Near prime
	Business Loan Guaranty	California Trade & Commerce Agency http://commerce.ca.gov/business/small tel: 916.322.1275	90% Loan Guaranty	1 to 10 yrs	Fixed
	CA Loan Guaranty Program	California Trade & Commerce Agency (as above)	80% Guaranty	1 to 15 yrs	3 to 7 yrs
	Rural Utility Service	USDA Rural Utility Service www.rurdev.usda.gov/rd/ tel: 530.792.5800	\$500,000 to \$5 million	Negotiated	Fixed / variable
	SBA 7(a) & Low Doc	SBA / Small Business Administration / Bank (as above)	\$1,000,000 @ 90% Guaranty	10 to 20 yrs	Fixed / Variable
<b>Subsidized Loans</b>	SBA Express	Small Business Administration (as above)	\$150,000	15 to 20 yrs	Market
	CalCAP	California Pollution Control Finance Authority www.treasurer.ca.gov/cpcfca/smallbusiness.htm tel: 916.654.5610	\$20,000 to \$ 2.5m	Short and long term	Fixed / Variable
	Equipment Efficiency Loan Program	Sacramento Municipal Utility District (SMUD) www.smud.org/pv/index.html tel: 916.732.6679	No Limit	10 yrs	8.7 to 10.5%
	PV Pioneer	Sacramento Municipal Utility District (SMUD) www.smud.org tel: 916.732.6198	\$4/mo Premium	10 yrs	Purchase Option
	Small Business and Non Profit Energy Efficient Improvement	Safe-Bidco (as above)	\$250,000 Max	5 yrs	5%
<b>Third Party Loans</b>	Energy Purchase Agreement	Alten Energy Services, Inc. www.altenenergy.com tel: 818.503.1200 x112	No Limit	No Limit	Discount Prices
	Energy Purchase Agreement	World Energy Services Technologies tel: 619.696.0978	No Limit	No Limit	Discount Prices

The California Energy Commission does not endorse any one lending organization. Eligibility varies for each financing option. Availability of financing options may vary. Contact individual provider for more information.