

## Finance Fridays Webinar Series – Episode 5

# Energy Efficiency Revolving Loan Fund



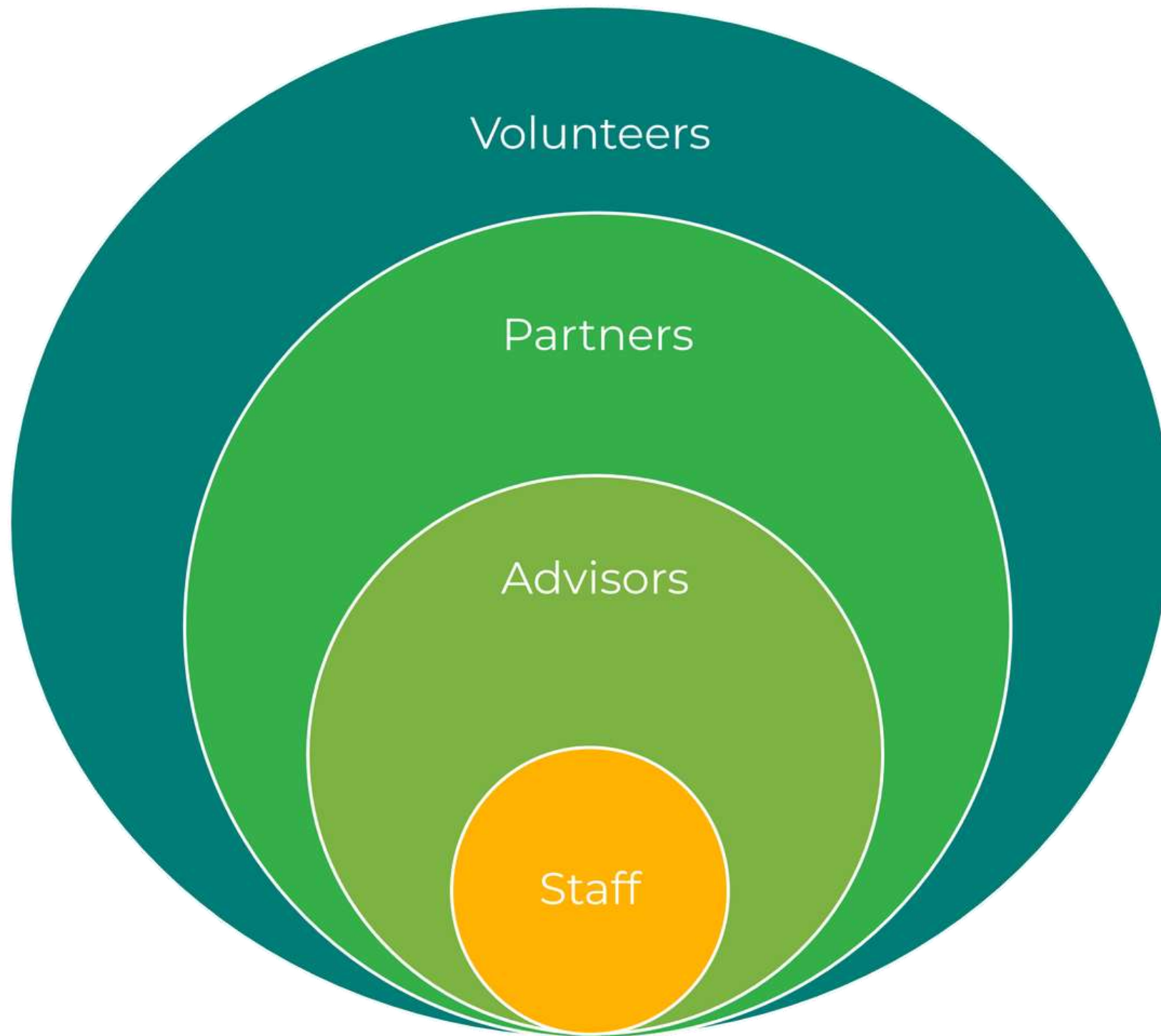
May 9, 2025



*The Building Energy Hub is a  
project of Illinois Green Alliance*



# Who is the Hub?



## Hub Partners

### Program Partners



### Education, Technical, and Resource Development Partners



### Funding Partners



# The Goals of the Hub are to:

- Educate & train building professionals
- Support diverse contractors
- Connect contractors to a project pipeline
- Build capacity for advanced codes and policies
- Streamline access to financial resources

The Hub is Illinois' trusted resource center for building professionals seeking practical solutions to improve building performance.



# Today's Presenters



Claire Brinley  
Program Manager  
Illinois Finance Authority/  
Illinois Climate Bank



Maria Colangelo  
Senior Vice President  
Illinois Finance Authority/  
Illinois Climate Bank





## THE IFA WAS DESIGNATED AS THE CLIMATE BANK BY CEJA



## CLIMATE BANK PURPOSE

- (1) the distribution of the benefits of clean energy in an equitable manner;
  - (2) making clean energy accessible to all; and
  - (3) *accelerating the investment of private capital into clean energy projects in a manner reflective of the geographic, racial, ethnic, gender, and income-level diversity of the State.*
- Climate & Equitable Jobs Act,  
2021 (20 ILCS 3501/850-15)

# Background



In May 2024, U.S. Department of Energy (US DOE) allocated \$15,963,220 to the Illinois Climate Bank through an agreement with Illinois Environmental Protection Agency (IEPA) for purposes of establishing an Energy Efficiency Revolving Loan Fund.



90% of the funds allocated (\$14,366,898) have been received by the Illinois Climate Bank and are available for project use.



The loan is intended to help finance energy efficiency projects throughout Illinois.

## Energy Efficiency Revolving Loan Fund (EE RLF) Capitalization Grant Program

- The fund will provide Direct Bridge Loans to finance costs eligible for **federal IRA Tax Credits/Direct Pay provisions** for projects in Illinois that need financing for qualifying energy efficiency projects.
- Owners can use these loans to **bridge the gap between project installation and receiving their Direct Pay/Tax Credit**. The loan shall be repaid upon receipt of its refundable tax credit payment or incentive payment or maturity, whichever occurs first.
- For projects approved for the Illinois Solar For All ([ILSFA](#)) Program, the Bridge Loan will also finance the eligible ILSFA incentive.



# Eligibility Criteria

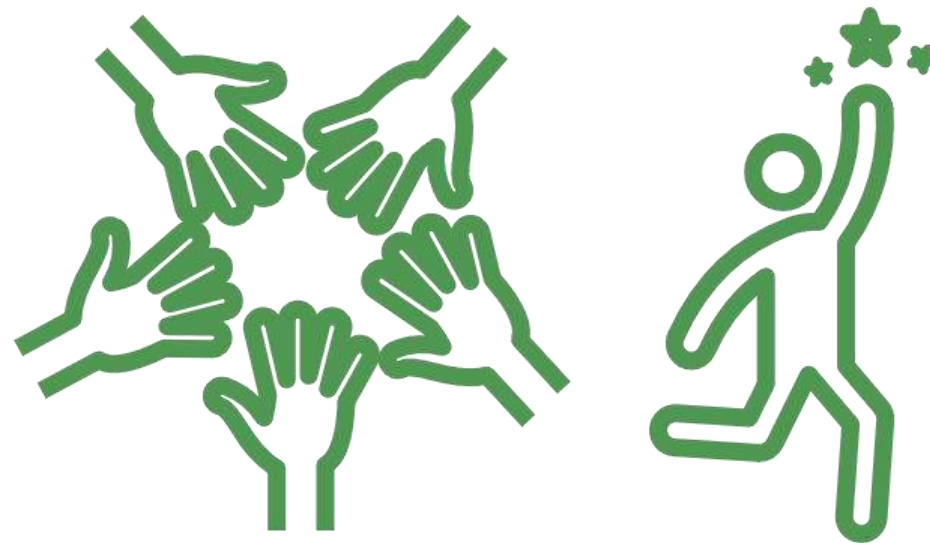
## Buildings Eligible for the EE RLF Bridge Loan include:

- Nonprofit- and publicly-owned commercial buildings,
- Privately- owned commercial buildings, and
- Multifamily buildings with **five or more units** located in Illinois.
- *Single-family residential projects are not eligible for financing for this program.*

### Units of local government\*



### Other Public & Non-Profit



### Commercial Buildings and Clean Energy Project Developers



Borrowers must be eligible for Direct Pay or Tax Credit provisions pursuant to Inflation Reduction Act **and/or** Illinois Solar For All Program Incentives

\*Public Acts [103-0187](#) and [103-1023](#) ease the ability of local government units to borrow directly from the Illinois Finance Authority/Climate Bank.



# Energy Efficiency Requirements

To qualify, the project *must* address at least one of the following:

1. Energy efficiency of the building or facility
2. Physical comfort of the building or facility occupants
3. Quality of the air in the building or facility

**Solar + energy storage** or **solar + energy efficiency** (but not solar on its own) projects meet these requirements.

## Audits

- Each project **must be recommended by a qualifying Energy Audit** and demonstrate that anticipated lifetime energy savings will equal or exceed the total cost of such improvements. If your project includes solar, it must be recommended by an audit.
- The audit must have been completed within the last five years.
- For more information on audit requirements, check out the IFA's Audit Step-by-Step Guide linked on the IFA website.
- Check with your utility – energy audits may be available for free or low cost.

# Bridge Loan Program Details

## Key Features

- **Loan Amounts:** Ranging from \$50,000 to \$1,000,000.
- **Term:** Up to 24 months.
- **Interest Rate:** Below market, low interest rate (6% per annum or less).
- **Fees:** Upfront origination fee capped at 2%.
- **Payments:**
  - Interest shall be due at time of the final payment of principal on the Bridge Loan or at maturity, whichever occurs first.
  - The Borrower shall be required to make payment on principal within 30 days of receipt of any refundable tax credit payment or Illinois Solar for All project incentive for the amount received or at maturity, whichever occurs first.

In certain cases, the fund can participate with Lenders to provide additional financing for project costs, to be repaid with the energy savings, Illinois Shines Solar Renewable Energy Credit payments, or other incentives not included in the Bridge Loan.

**\*All Eligible Projects must comply with laborer wage and benefit requirements and reporting under the Davis-Bacon Act.**



# Eligible Energy Sources under the IRA

Section 48E and 45Y supports a wide range of clean energy technologies due to its technology-neutral approach. This means that any electricity generation technology that produces zero or near-zero greenhouse gas emissions can qualify for the credit.

This includes, but is not limited to:

- ❑ **Wind:** Onshore and offshore wind farms.
- ❑ **Solar:** Photovoltaic (PV) panels and concentrated solar power (CSP).
- ❑ **Energy Storage Technology:** Includes electrical, thermal, and hydrogen energy storage property.
- ❑ **Geothermal Heating and Cooling:** Equipment that uses the ground or ground water as a thermal energy source to heat a structure or as a thermal energy sink to cool a structure (under Sec. 48).
- ❑ **Hydropower:** Including both traditional and innovative low-impact hydroelectric projects.
- ❑ **Nuclear Power:** New generation nuclear reactors designed for high efficiency and safety.
- ❑ **Other Zero-Emission Technologies:** Emerging technologies that meet the zero-emission criteria.



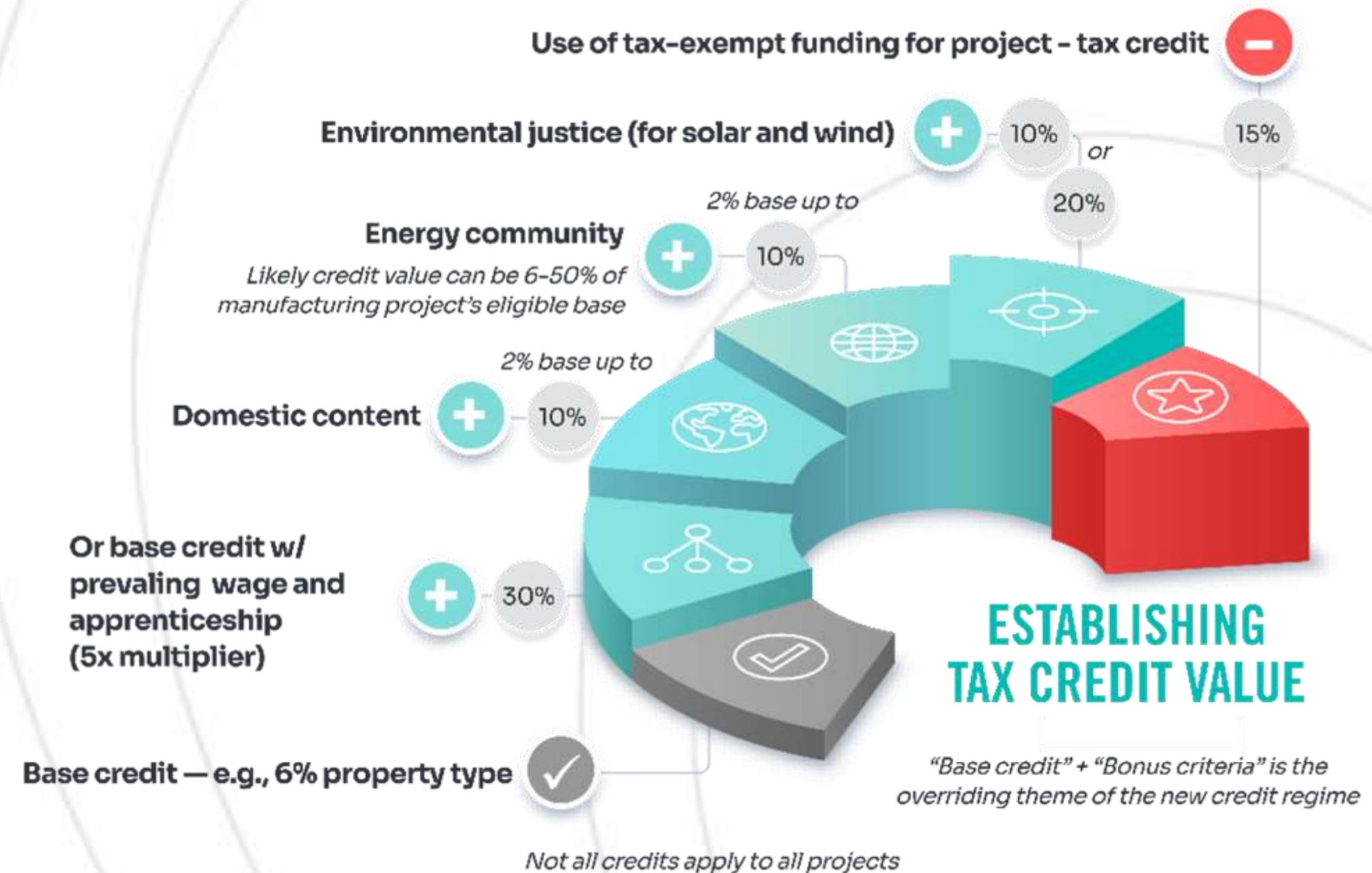


# Establishing the credit value

Organizations may be eligible to receive investment or production-based tax credits for eligible energy projects through the Inflation Reduction Act (IRA).

## Key Considerations

- Credit values are based on the applicable percentage of eligible “energy property”
- “Base credit” + “Bonus criteria” is the overriding theme of the IRA credit regime
- Energy credits have base value and a 5x multiplier on base credit is earned if prevailing wage and apprenticeship requirements are met
- The IRA provide bonus credit adders for projects meeting specific criteria
  - Domestic Content (Project Based)
  - Energy Communities (Location Based)
  - LIDAC Communities (Location Based)





# Expanded accessibility for clean energy tax credits under the IRA

## Three Key Provisions under the Act:

### 1. Transferability

- Tax credits can be sold to another taxpayer for cash, increasing flexibility in project financing.
- Allows entities without tax liability to monetize credits.

### 2. Direct Pay

- Tax-exempt entities (e.g., state and local governments, nonprofits, tribes) can receive a cash payment from the IRS.
- Applies to certain credits, broadening participation.

### 3. Extended Usability

- Credits can offset federal tax liability for up to 3 years retroactively and 22 years forward, maximizing value for project owners.

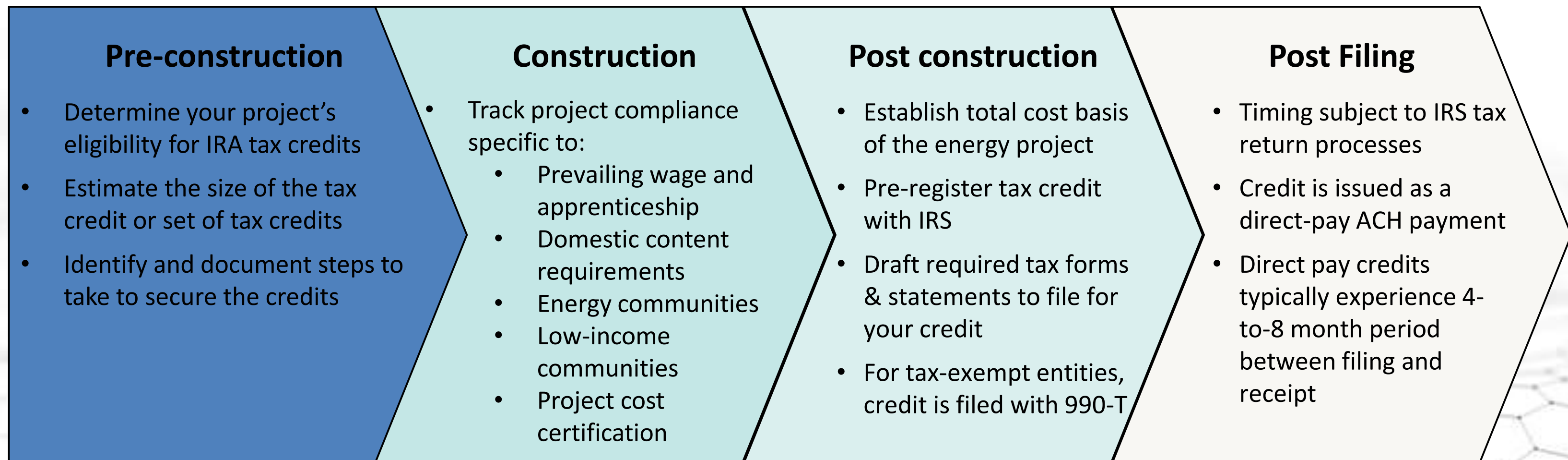
### Impact on Renewable Energy Projects:


- Encourages participation from diverse stakeholders.
- Enhances financing options, reducing barriers to entry.
- Promotes faster deployment of clean energy solutions.

### Key Benefits:

- Broadens accessibility to tax credits.
- Unlocks new capital for projects.
- Simplifies clean energy adoption for tax-exempt and taxable entities alike.

# Understanding IRA tax credit timelines



  
Beginning of Construction  
Date

  
Placed in Service Date

  
Filing Date

  
Credit Receipt



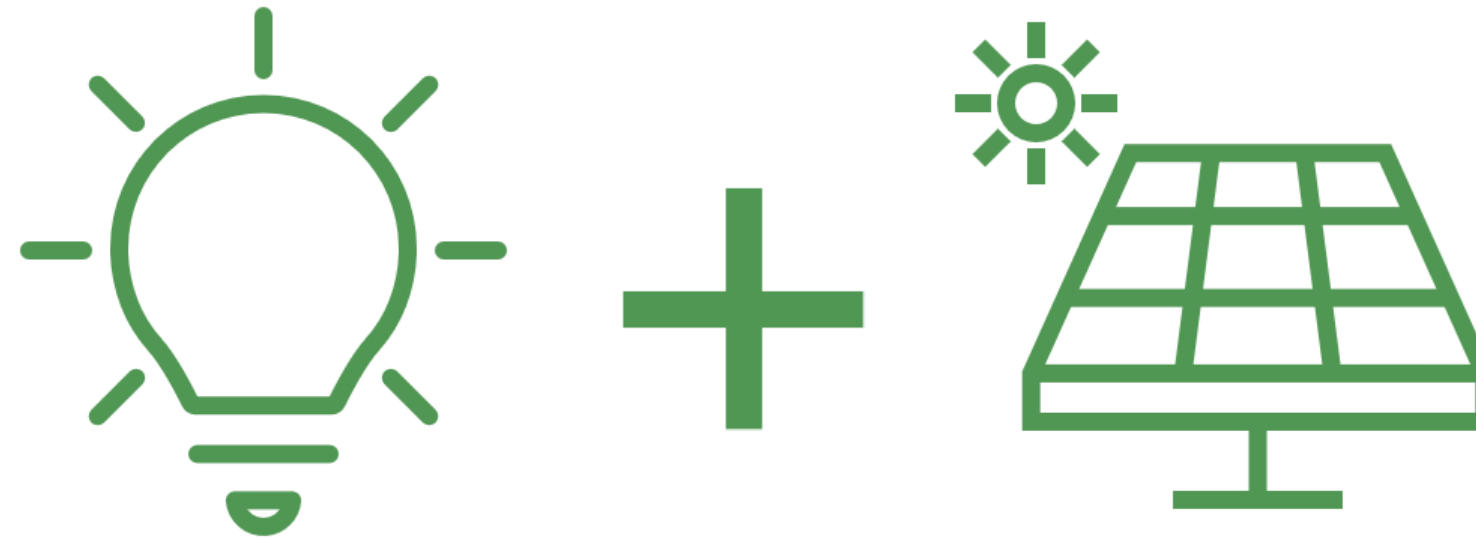
# Examples of Eligible Projects



## Example 1: Solar + Energy Storage

- An affordable housing nonprofit conducts an energy audit that recommends installing solar and energy storage on their multifamily building.
- The solar installation and energy storage are eligible for the Investment Tax Credit and Illinois Solar for All project incentives. The use of energy storage makes the project eligible for the EE RLF program.
- The nonprofit applies for Direct Pay and Illinois Solar for All and receives an up-front EE RLF Bridge Loan covering the cost of the credits and incentives.

# Examples of Eligible Projects



## Example 2: Energy Efficiency + Solar

- A City's Public Library conducts an energy audit that recommends HVAC and lighting upgrades as well as installing solar on their roof.
- The solar installation is eligible for the Investment Tax Credit. The HVAC/lighting upgrades make the project eligible for the EE RLF program.
- The public library applies for Direct Pay and receives an up-front EE RLF Bridge Loan covering the cost of the Tax Credits for the solar installation.



# Examples of Ineligible Projects

## Types of Ineligible Projects

1. Solar projects on their own without battery backup or load management software (no energy efficiency component)
2. LED/HVAC upgrades on their own, not paired with solar (not eligible for tax credits or ILSFA incentives)
3. Most community solar projects (there must be only one building associated with the project)
4. EV charging stations
5. New construction projects



The IFA is currently looking for anyone who works in or with any of the three focus areas, Lenders, Installers/Developers, and/or Non-Profit/Government institutions, to join working groups for the EE RLF. If you're interested in participating in one of these groups, please fill out our form [here](#).



# Apply Now - With Help from the Hub!

Pre-applications are now open, please submit your applications [here](#).

The Building Energy Resource Hub is screening and answering questions. If you need help filling out your pre-application or have any questions, please contact the Hub help desk [here](#).







## Private Activity Bonds

IFA issues tax-exempt qualified private activity bonds for 501(c)(3) organizations and other conduit borrowers. Borrowers work with banks, underwriters, or placement agents of their own choosing.



## State Small Business Credit Initiative

IFA provides low-cost financing to small businesses for eligible climate-related projects.



## Commercial Property Assessed Clean Energy Bonds

IFA has statewide authorization to issue bonds and notes to fund eligible building improvements in any PACE area. Eligible improvements include energy efficiency, renewable energy, water use, and EV charging stations. Projects located in Cook County are not currently eligible.

# Questions?



**We want to hear from you!**

**Maria Colangelo**  
**Senior Vice President**  
**[mcolangelo@il-fa.com](mailto:mcolangelo@il-fa.com)**  
**[www.il-fa.com](http://www.il-fa.com)**

**Claire Brinley**  
**Program Manager**  
**[cbrinley@il-fa.com](mailto:cbrinley@il-fa.com)**  
**[www.il-fa.com](http://www.il-fa.com)**

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Thank you for joining us!