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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*



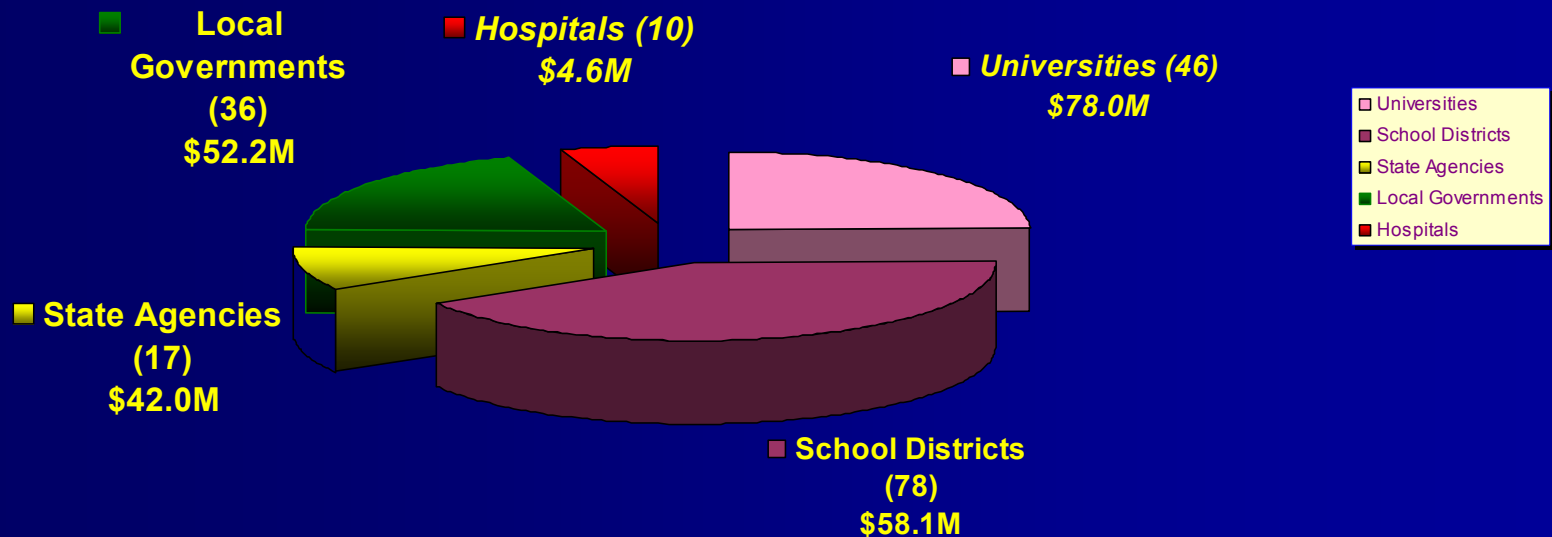
## *LoanSTAR Program – Today (cont.)*

- *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](http://www.seco.cpa.state.tx.us)**