



OFFICE OF THE GOVERNOR  
NEVADA STATE OFFICE OF ENERGY

MEMORANDUM

**Date:** February 23, 2011  
**To:** Senator Michael Schneider, Chair of the Committee on Commerce, Labor and Energy  
**From:** Stacey Crowley, Director  
**RE:** SB 60 – Expansion of the Fund for Renewable Energy, Energy Efficiency and Energy Conservation Loans

**BACKGROUND ON THE FUND**

The Fund for Renewable Energy, Energy Efficiency and Energy Conservation Loans (“Fund”) is a successful, low interest rate loan program that provides financing for renewable energy projects. This Fund originated from an \$8.3M American Recovery and Reinvestment Act (ARRA) grant through the Nevada State Office of Energy.

The Office of Energy sent out three rounds of RFP’s, beginning in March of last year, and to-date 22 applications have been received. Out of those, 15 projects are being constructed by 9 applicants installing hydro, wind, biomass, and solar renewable technologies throughout the State. Attached is a sheet that lists the funded projects.

Because this program started with ARRA stimulus funds, repayment of the loan, minus the interest, must continue on in perpetuity to be utilized for the original purposes of ARRA. The fund therefore has both restricted and unrestricted funds. The hope is to grow the unrestricted fund portion through grants and other donations to allow flexibility in how the funds get used.

The relatively short repayment terms allow for a constantly revolving source of money that can be used for projects that stimulate economic development, innovation and technology advancement.

**FUND EXPANSION OPPORTUNITIES**

The Fund has been a success, both in terms of getting stimulus dollars out to innovative companies and getting jobs on the ground, as well as by establishing a structure for an on-going, “revolving” loan program that will continue to provide financing for innovative energy projects.

For example, as a result of receiving funds through this program, at least two companies are in the process of locating manufacturing plants to Nevada that will provide hundreds of jobs to Nevadans.

Currently only renewable energy projects are able to take advantage of this program by statute. We believe that the original intent of the Fund was to include energy efficiency and conservation projects, thus the name, and therefore, we are proposing to add those project types to the program. This will help continue and grow a sustainable Fund for the long term benefit to Nevada.

Under the ARRA Program, the objective is to:

***“Provide low-interest loans a) to industry for renewable energy system manufacturing, b) to renewable energy developers for the installation of renewable energy projects, and c) enterprises involved in energy efficiency and energy conservation improvements.”***

We recognize that energy efficiency or conservation projects funded under this loan program need to be significant in size while still allowing for creativity in the types of projects submitted. We also want to encourage the advancement of the renewable energy manufacturing. Therefore we are offering the following proposed amendment language under SB 60 for your consideration. There will also be more detailed criteria set forth in the revised regulations that follow the adoption of this Bill as set forth in NRS 701.595.

Add the following subparagraphs to the end of Sec. 4 of SB 60:

***4. The development of renewable energy system manufacturing.***

Add the following subparagraphs to the end of Sec. 8.1 of SB 60:

***(d) The development of renewable energy system manufacturing.***

Add the following subparagraph to the end of Sec. 8 of SB 60:

***5. Money from the Fund may not be given to Energy Efficiency or Conservation projects that receive other subsidies for the same work.***

***6. The Director is to give preference to large projects as determined by the adopted regulations pursuant to NRS 701.595.***

Projects under these new categories could include:

- Energy efficiency upgrades to large commercial or industrial facilities, providing immediate construction jobs and significantly reducing the energy costs and consumption of typically high energy consumers; or
- Programs for curtailing demand at certain times in order to lower the peak demand on the system and delay the need for new power plants or expensive power purchases. For example, some experiments with NV Energy's new smart meters are designed to both lower the overall use of electricity AND shift use to off-peak hours.

We are so pleased with the success of the Revolving Loan Fund program created with such good foresight last legislative session. We look forward to helping more renewable energy and energy efficiency projects get off the ground and put Nevadan's to work.

Please let me know if you have any questions or concerns on the proposed Bill and the proposed amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Stacey Crowley". The signature is fluid and cursive, written over the printed name.

Stacey Crowley

CC: Scott Young, LCB

## Funded Revolving Loan Projects

<b>Applicant</b>	<b>Project</b>	<b>Location</b>	<b>Est. Jobs</b>	<b>Total Project Cost</b>	<b>Status</b>
Young Brothers Ranch	Hydro Plant	Kingston	3.13	\$448,000	Funded
Truckee River Ranch	Hydro Plant	Nye County	3.13	\$619,600	Funded
Sean R. Madole	Wind Turbine	Washoe Valley	.193	\$45,497	Funded
ATB Enterprises	Wind Turbine	Reno	.193	\$42,930	Funded
Earl & Rhonda Knox	2 Wind Turbines	Washoe Valley	.193	\$44,268	Funded
Avatar Energy Nevada	Anaerobic Digester	Lyon County	15	\$1,500,000	Funded
Sunburst Energy Solutions	6 Photovoltaic Projects	Clark & Washoe	2.79	\$2,100,000	Funded
Desert Hills Dairy	Anaerobic Digester	Yerington	15	\$2,040,662	Funded
Hillside Dairy	Anaerobic Digester	Fallon	15	\$2,347,000	Funded
		<b>Total Jobs</b>	<b>54.629</b>		