

**RULES
OF
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
OFFICE OF ENERGY PROGRAMS**

**0400-60-05
LOCAL GOVERNMENT ENERGY EFFICIENCY PROGRAM**

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0400-60-05-.01 AUTHORITY.

Pursuant to the provisions of T.C.A. § 11-1-101, the Commissioner of the Tennessee Department of Environment and Conservation may promulgate rules and regulations necessary to carry out such Commissioner's duties and responsibilities.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.02 PURPOSE AND SCOPE.

The Local Government Energy Efficiency Loan Program provides low interest loans to Tennessee county, metropolitan and municipal governments for energy efficiency measures that improve facility energy efficiency and reduce energy costs.

This chapter sets forth the rules for program application and participation.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.03 DEFINITIONS.

The following definitions shall apply to these rules.

- (1) "Applicant" means any county, metropolitan or municipal government that submits an application to TDEC for program loan funds.
- (2) "Distressed County" means any county listed by the Department of Economic and Community Development as being economically distressed in accordance with criteria established by the Department of Economic and Community Development for county per capita income and average unemployment rate.
- (3) "Energy Efficiency Measure" means any structural modification or equipment change out that reduces energy costs in a facility,
- (4) "Local Government" means any Tennessee county, metropolitan or municipal government.

(Rule 0400-60-05-.03, continued)

- (5) "Net Present Value" means the dollar figure that is obtained by totaling the annual energy savings, which has been discounted at a rate equal to the loan interest rate as established by TDEC, and subtracting the total cost of the energy efficiency measure.
- (6) "Program" means the Local Government Energy Efficiency Loan Program.
- (7) "TDEC" means the Tennessee Department of Environment and Conservation.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.04 ELIGIBLE PROJECTS.

TDEC may loan funds to a local government for the purpose of financing energy efficiency measures for a building or structure owned and used by the local government. Such buildings or structures must have been used or operated for one (1) year prior to the date of application for an energy efficiency loan. TDEC will only loan funds for energy efficiency measures which have a positive net present value.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.05 MAXIMUM LOAN AMOUNT.

TDEC may make energy efficiency loans in the amounts not exceeding five hundred thousand dollars (\$500,000.00). Local governments may receive several energy efficiency loans under this loan program, but the cumulative outstanding balance of such loans under this loan program may not exceed five hundred thousand dollars (\$500,000.00).

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.06 ELIGIBLE COSTS.

Energy efficiency loan funds can be used for the identification, design, purchase and installation of energy efficiency measures.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.07 LOAN TERM AND INTEREST RATE.

The maximum loan term is seven (7) years. A participating local government may prepay the loan at any time without penalty. TDEC will announce the loan interest rate for local governments in distressed counties and the loan interest rate for local governments in non-distressed counties in an annual program directive memorandum.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.08 RETROACTIVE PROJECTS.

TDEC will not approve applications where the energy efficiency measures have been purchased, or partially or completely installed prior to formal TDEC approval.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.09 RESERVED.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.10 LOAN APPLICATION.

Applicants must submit a complete application to TDEC in order to qualify for consideration for loan funds. A complete application consists of a completed and signed application form for each facility which will be the subject of energy efficiency measures, a technical energy audit for each facility, and a certified copy of a resolution from the local governing body authorizing participation in the program. Application forms for K-12 schools and offices must be signed by the school superintendent. All other applications must be signed by the county executive, mayor, city manager or city administrator. The technical energy audit must be less than two (2) years old and must be conducted by either an architect or an engineer licensed to practice in the state of Tennessee, by the Tennessee Valley Authority or other energy utility, or by an architect or an engineer on the faculty or staff of a Tennessee college or university.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.11 APPLICATION REVIEW.

TDEC will review an application for completeness and accuracy. TDEC will review all projects for technical accuracy and soundness and net present value. Projects must have a positive net present value in order to be approved for funding.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.12 RESERVED.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.13 PROJECT IMPLEMENTATION.

Approved applicants must implement their project by submitting an authorized capital outlay note to TDEC within six months of application approval, completing the project within one (1) year of application approval, and submitting a work completion form and copies of invoices showing actual project cost to TDEC within two (2) months of completion of the project. Failure to meet this implementation timetable can result in withdrawal of approval or disqualification for future loans.

(Rule 0400-60-05-.13, continued)

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.14 LOAN REPAYMENT.

Loan recipients must amortize debt within the agreed upon term, not to exceed seven (7) years. The recipient will make one (1) payment per year in accordance with a repayment schedule provided by TDEC. The first payment date will be one (1) year from the date of the capital outlay note.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.

0400-60-05-.15 REPORTING REQUIREMENTS.

Loan recipients will provide, or arrange for its energy distributors to provide, copies of monthly utility bills to TDEC during the term of the loan.

Authority: T.C.A. §§ 4-3-510 through 4-3-515, 4-5-201 et seq., 11-1-101, and Governor Haslam's Executive Order Number 25. **Administrative History:** Original rules filed January 17, 2017; effective April 17, 2017. Rule renumbered from 0500-03-05.