



New Jersey Economic Development Authority

**REQUEST FOR INFORMATION
("RFI") 2021-RFI-CE-139**

for

**Bridge Financing for New Jersey Energy Efficiency Contractors
Pending Their Receipt of Incentive Payments**

December 20, 2021

1. INTENT/SUMMARY OF SCOPE

The New Jersey Economic Development Authority ("Authority", "NJEDA"), an independent Authority of the State of New Jersey operating as the New Jersey Green Fund (the "NJGF"), is seeking information and ideas from qualified entities ("Respondents"), including capital providers, energy efficiency contractors ("EE Contractors"), New Jersey natural gas and electric investor-owned utilities ("Utilities"), non-profit organizations, researchers and other industry/trade groups.

This Request for Information (RFI) is issued by the NJGF to seek information from organizations and individuals with perspectives on the challenges faced by EE Contractors undertaking energy efficiency projects in New Jersey, due to availability or cost of capital. The objective is to better assess the potential for bridge financing that can fund EE Contractors until receipt of project-related cash incentives payable to them by Utilities or the New Jersey Clean Energy Program ("NJCEP"). The NJGF is especially interested to gather insight and perspectives from lending intermediaries ("Lending Intermediaries") that may be interested in applying for loans from the NJGF that they would then use to fund such bridge financing, as well as from EE Contractors that may be interested in making use of it.

This RFI is in anticipation of the NJGF establishing a "loan-to-lender" program under which it will make loans to qualified Lending Intermediaries ("Master Loans") who will in turn use such funding to make incentive bridge loans to EE Contractors operating in New Jersey.

2. BACKGROUND

The New Jersey Economic Development Authority serves as the State's principal agency for driving economic growth. The Authority is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create high-quality jobs for New Jersey residents and provide pathways to a stronger and fairer economy. Through partnerships with a diverse range of

stakeholders, the Authority creates and implements initiatives to enhance the economic vitality and quality of life in the State and strengthen New Jersey's long-term economic competitiveness.

As contemplated by the State's 2019 Energy Master Plan and its current three-year Regional Greenhouse Gas Initiative Strategic Funding Plan, the Authority is designing and launching the New Jersey Green Fund. When launched, the NJGF's is expected to provide funding to New Jersey businesses that leverage private capital to cost-effectively accelerate the deployment of clean energy technologies in New Jersey in order to reduce greenhouse gas emissions and promote an inclusive clean energy economy.

New Jersey's marketplace for energy efficiency measures is currently in a state of transition. Effective July 1, 2021, the administration of the majority of the State's energy efficiency-related cash incentive programs shifted from the NJCEP to the State's Utilities. Moreover, under the 2018 Clean Energy Act that mandates this transition, the State established very ambitious performance targets for energy efficiency gains that the Utilities are required to meet. In order to meet those targets, the New Jersey Board of Public Utilities (NJ BPU) has approved three-year energy efficiency incentive budgets proposed by the Utilities. In the aggregate, these budgets represent more than twice the level of funding provided for the previous comparable NJCEP-administered programs

As a result of these legislative mandates and the expanded availability of cash incentives for energy efficiency measures, the level of energy efficiency contracting in the State is expected to increase dramatically during the next three years. Although energy efficiency incentives in New Jersey are structured, to be paid to the applicable project property owner, EE contractors commonly provide the property owner a credit for the expected incentive payment amount, in exchange for property owners assigning the incentive payouts to them.

The objective of the proposed "loan-to-lender" program contemplated in this RFI is to help position EE Contractors that have working capital-constraints, to grow their businesses: the expectation is that by improving their cash flow, it will enable them to increase their pace of project execution and more effectively plan for the staffing and other needs of their businesses.

The NJGF intends to provide Master Loans (subject to commercially reasonable underwriting standards) to Lending Intermediaries that will finance EE Contractors that undertake energy efficiency projects at residential, commercial, industrial, and/or institutional buildings in the State that are funded in part by incentives provided by one or more Utilities and/or the NJCEP. The Master Loans would be in the form of short-term (e.g., 1-3 year) extendable loans to Lending Intermediaries. Lending Intermediaries will use the Master Loans to fund loans to EE Contractors to bridge the timing gap between project cost outlays and receipt of incentive payments from Utilities and/or the NJCEP, with the assignment of such incentive payments providing security of the repayment of the bridge loans. The debt financing from the NJGF is expected to bear interest at or below prevailing market rates for comparable loans. Special incentives will be considered for the financing support of EE Contractors that serve overburdened communities.

3. ELIGIBILITY CRITERIA (if applicable)

This section is not applicable to this RFI.

4. RFI RESPONSE QUESTIONS

Please answer all questions that are relevant to you or your organization, to the best of your ability. We recognize that no individual Respondent is likely to be able to answer all questions. Answers to these questions are understood to be preliminary and non-binding, and the NJGF may contact Respondents to request that they provide responses to follow up questions. Unless disclosure is authorized by Respondent or is required by the New Jersey Open Public Records Act (see Section 10 of this RFI) or otherwise by law, all responses received by the NJGF shall be kept confidential.

Respondents are free to structure responses as necessary to increase clarity and efficiency of submissions.

Questions directed to all Respondents

1. Please provide your first and last name, contact email, phone number and information about your organization, including the basis for your interest in the subject of this RFI and your qualifications/expertise relevant to the subject matter. If Respondent is a business, please include details regarding the general nature of your business, annual revenues, number of employees and headquarter location.
2. In making Master Loans, what types of conditions, if any, should the NJGF place on the bridge loans that Lending Intermediaries make to EE Contractors? Please comment on bridge loan financial terms such as interest rate, loan duration, loan security, etc., as well as any other conditions you consider significant.
3. What measures, if any, should the NJGF implement to help ensure that Master Loans are used by Lending Intermediaries to extend a sufficient number of compliant bridge loans, e.g., access to additional funding from the NJGF or a decrease in the interest rate charged?
4. Under a program of the type contemplated herein, what is (a) the optimal line size for a Lending Intermediary to deploy to the NJ EE bridge financing market in New Jersey?
5. Please identify the energy efficiency-related cash incentive programs administered by the Utilities or the NJCEP that a loan-to-lender program could most strongly support, and why you believe this to be the case.
6. Are there other aspects of the proposed loan-to-lender program that you would like to mention?

Questions directed to prospective Lending Intermediaries

7. Please describe your organization's lending activities, if any, related to incentive programs to support energy efficiency projects for residential, commercial, industrial, and/or institutional customers, either in or outside of New Jersey. Have you provided energy efficiency incentive bridge loans before, or bridge financing unrelated to energy efficiency contracting? How long have you been in this market segment and how large is your portfolio?
8. Please describe your organization's experience working with energy efficiency contractors (including general contractors and sub-contractors) implementing energy efficiency projects for residential, commercial, industrial, and/or institutional customers in New Jersey and in other states. Please include experience (if any) with construction lending.
9. How likely is it that your organization would be interested in applying for a Master Loan for the purposes set forth above?
10. Based upon your current funding arrangements, what are the typical terms (e.g., interest rate, maturity, collateral) for incentive bridge loans (as described above) that your firm would offer to contractors in New Jersey? If your firm has not made such loans before, what do you expect would be typical terms for loans you would offer, again, based upon your existing funding arrangements?
11. Please indicate your expected cost of debt financing to fund such loans if you did not receive a loan from the NJGF? Beyond the interest rate, are there other commercial terms that you would consider when making the decision whether to obtain a Master Loan? Please describe.
12. Please provide any other information that you believe NJGF should take into consideration in designing a loan-to-lender program. Please be specific to terms that would be attractive to both the Lending Intermediaries that would borrow from the NJGF and the EE Contractors that would borrow from the Lending Intermediaries.

Questions directed to EE Contractors

13. Does your company credit building owners/customers that are undertaking projects for the incentives that they expect to receive from a Utility or the NJCEP? If so, to what extent do you regard these crediting arrangements to be a competitive necessity for your business?
14. Within the past three years have you used energy efficiency incentives-supported bridge financing, factoring or arrangements to improve your business's working capital position? If so, with what counter-parties and under what financial terms? What has been your effective cost of capital under these arrangements?
15. How likely is your company to apply for funding from a Lending Intermediary under the contemplated program to bridge expected energy efficiency incentive payouts, assuming that relatively attractive financing terms are offered? If likely, please indicate the estimated dollar volume of loans you would expect to request over the next (i) 12 months, (ii) 24

months, and (iii) 36 months, both in terms of maximum Lender Intermediary exposure to you as borrower and the aggregate value of the incentive payouts to be bridged?

5. QUESTIONS AND ANSWERS (From Respondents to the EDA)

All questions concerning this RFI must be submitted in writing no later than 11:59 PM EST, on Friday, January 7, 2022 mail to: NJGreenFundRFI@njeda.com

The subject line of the e-mail should state:

Questions-2021-RFI-CE-139 : Bridge Financing for NJ Energy Efficiency Contractors

Answers to questions submitted will be publicly posted on the Authority's website, under the Office of Economic Transformation RFIs section, on or about Tuesday, January 11, 2022.

IT IS THE RESPONDENT'S RESPONSIBILITY TO CHECK THIS WEBSITE REGULARLY FOR UPDATES.

6. RESPONSE DETAILS

All RFI responses must be submitted in writing no later than 11:59 PM EST, on Friday, January 21, 2022 via e-mail to: NJGreenFundRFI@njeda.com

The subject line of the e-mail should state:

RFI Response-2021-RFI-CE-139: Bridge Financing for NJ Energy Efficiency Contractors

7. FOLLOW-UP QUESTIONS (from EDA) / ADDITIONAL INFORMATION

Respondents may be asked to provide additional information to allow the Authority to better understand their responses.

8. PROPRIETARY AND/OR CONFIDENTIAL INFORMATION

The Authority reserves the right to copy any information provided by the Respondents. The Authority reserves the right to use ideas that are provided by Respondents, applicants, stakeholders, or vendors. By submitting a Response, the submitter represents that such copying or use of information will not violate any copyrights, licenses, or other agreements with respect to information submitted or product solutions demonstrated, if applicable. Responses must clearly be marked for any information the Respondent deems Proprietary and/or Confidential.

9. DISCLAIMER / NO OBLIGATION

This RFI is not a request for qualification/proposal. It may or may not result in further action.

This RFI is issued solely as a means of gathering information regarding the Authority's desire to understand the types of products and level of service available in the market to meet the Authority's needs. Interested parties responding to this RFI do so at their own expense. There will be no monetary compensation from the Authority for the time and effort spent in preparing the response to this RFI. All expenses incurred are the sole responsibility of the Respondent.

Should the Authority decide to move forward and announce a program/product or issue an RFQ/P related to this RFI, Respondents need not have submitted a response to this RFI in order to be eligible to respond to the RFQ/P or be eligible for the program/product. Should an RFQ/P be issued, responding to this RFI will not affect scoring or consideration for that process.

The Authority is under no obligation to contact Respondents to this RFI.

10. NEW JERSEY OPEN PUBLIC RECORDS ACT

Respondents should be aware that responses to this RFI are subject to the "New Jersey Open Public Records Act" (N.J.S.A. 47:1A-1 et seq.), as amended and including all applicable regulations and policies and applicable case law, including the New Jersey Right-to-Know law. All information submitted in response to the RFI is considered public information, notwithstanding any disclaimers to the contrary, except as may be exempted from public disclosure by OPRA and the common law.

Any proprietary and/or confidential information submitted in response to this RFI will be redacted by the Authority. A person or entity submitting a response to this RFI may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA found at N.J.S.A. 47:1A-1.1, when such person or entity has a good faith legal and factual basis for such assertion (i.e. information that may be included in another ongoing public procurement or solicitation). The Authority reserves the right to make the determination as to what is proprietary or confidential and will advise the person or entity accordingly. The Authority will not honor any attempt to designate the entirety of a submission as proprietary, confidential and/or to claim copyright protection for the entire proposal. In the event of any challenge to the Respondent's assertion of confidentiality with which the Authority does not concur, the Respondent shall be solely responsible for defending its designation.