



# Energy Efficiency Revolving Loan Fund FAQs

## General

### 1. What is the Energy Efficiency Revolving Loan Fund (EE RLF)?

The EE RLF will introduce a specialized Loan to state agencies to finance energy efficiency, building electrification, and distributed renewable generation projects. State agencies that have done energy audits do not always have capital available to implement the recommendations from audits. The EE RLF is an opportunity for state agencies to borrow money to implement energy conservation measures and pay back over time.

### 2. When will Loans become available?

Application Period A 2025 opens January 28, 2025 and will close April 28, 2025 at 2pm. This is available funding for state agencies located in disadvantaged communities.<sup>1</sup>

Application Period B- 2025 opens April 29, 2025 for any eligible state agencies if there are funds available and will close when the fund has less than \$300,000.

### 3. What types of buildings are eligible?

Eligible buildings include state owned and operated buildings within the executive branch or that are managed by DPMC.

## Direct Pay Bridge Loan

### 1. What is a Direct Pay Tax Credit?

Most of the clean energy funding from the federal Inflation Reduction Act comes in the form of nonrefundable income tax credits, meaning that if the credits cover more than is owed on taxes the difference is not refunded. However, public sector entities are exempt from income taxes entirely, excluding them from receiving these incentives. To make this funding accessible to the public sector and nonprofits, the US Treasury will now provide a rebate (called a direct-, or elective-, pay tax credit) to public sector and nonprofit entities who complete projects that would qualify for tax credits. This loan can be used on projects qualifying for tax credits.

### 2. How much are Direct Pay Tax Credits worth?

The Inflation Reduction Act includes several tax credits that can provide up to 50% of the cost of a qualifying clean energy project. For more information on available tax credits, refer to this [guide](#). All

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<sup>1</sup> "Disadvantaged communities" are census tracts that meet certain thresholds for environmental, climate, socio-economic, or other burdens as identified by the Climate and Economic Justice Screening Tool (CEJST) available at <https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5>. If this tool is no longer accessible, please use the New Jersey data set tool at [Climate and Economic Justice Screening Tool for NJ - Overview](#)

credits have a base rebate amount which can be increased if certain labor, material, and community requirements are met.

### **3. Who can use Direct Pay Bridge Loans?**

Loans will be available to state agencies eligible for the IRA Direct Pay provisions who have obtained the necessary IRS project approvals and worked with the NJ Treasury.

### **4. What kind of projects qualify for Direct Pay Bridge Loans?**

The loans can be used for energy efficiency assessments and upgrades resulting from an energy assessment that comply with certain criteria under the Direct Pay provisions.

### **5. Do Direct Pay loans have to comply with all of the federal requirements?**

Yes, Direct Pay loans have to comply with energy audit requirements as well as all other federal requirements.

## **Energy Audits**

### **1. What is a standardized energy audit?**

The US DOE requires the use of software that uses BuildingSync and recommends the use of their proprietary Audit Template software, which utilizes BuildingSync. See a full list of audit requirements [here](#).

### **2. How old can the audit be?**

Audits should be no older than 2021, but exceptions may be considered for audits done in 2019-2020.

## **Reporting Requirements**

### **1. What type of report do we have to submit on a quarterly basis to BPU?**

The Borrower must submit quarterly status reports to State Energy Services no later than the fifth day of the first quarter following the closing of the loan. Status reports must be submitted each quarter thereafter, through the duration of the project, no later than the fifth day of each quarter.

The status report should address the following:

- I. Progress on the project as it relates to the scope of work
- II. Accomplishments and milestones
- III. Budget
- IV. Timeline
- V. Financial status of the project
- VI. Summary of changes to scope of work and any issues that altered or delayed progress

### **2. How do we comply with Davis Bacon reporting?**

As a requirement of the Davis-Bacon Act (DBA), award recipients must submit weekly, certified payrolls to the U.S. Department of Energy (DOE). This ensures that employers are in compliance with the law by paying applicable workers the required prevailing wage and benefits on a weekly basis.

DOE has contracted with LCPtracker, a third-party software application, to make this tracking and submission as accessible as possible. This software is free to use for all Infrastructure Investment and Jobs Act award recipients. LCPtracker allows for certified payroll reports and workforce data to be uploaded and electronically signed any day, any time. LCPtracker currently partners with more than 20 commercially available payroll systems, including ADP and Paychex.

### **Additional Resources**

[Direct Pay Guide | Climate United](#)

[Elective Pay Overview | IRS](#)

[Elective Pay FAQ | IRS](#)

[Elective Pay Eligible Tax Credits | IRS](#)

[Revolving Loan Fund Energy Audit Guide](#)

### **Resources**

- EE RLF One-Pager
- [Questions? Contact SES](#)

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