**Public Sector Financing**

**Energy savings performance contracting (ESPC)** is a performance contract allows you to improve the energy performance of your building by partnering with an energy services company (ESCO) to enhance building operations and save energy. Performance contracting can be utilized by K-12 public school districts, universities, and state and local governments. Technically, the private sector can also take advantage of ESPCs, but it is much less common.

In general there are four types of performance contracts:
- **Guaranteed Savings**
- **Shared Savings**
- **No Guaranteed Savings only audit, design and construction services, and commissioning.**
- **Chauffauge**

For details on each of these arrangements see the **Guide to Performance Contracting with an Energy Services Company** and the **U.S. Department of Energy ESPC Toolkit**.

**ESPC in Kentucky**

The Energy Services Coalition is a trade association of companies and stakeholders that support the energy services performance contracting industry.
- **Kentucky Chapter**
- **Resources** - access more information about performance contracting, including standard documents, training materials, contracts and more.
- **Kentucky ESPC statutes**

**Community Development Block Grants:** The Department for Local Government (DLG) administers approximately $22 million annually from the U.S. Housing and Urban Development’s (HUD) Community Development Block Grant (CDBG) program. Certain energy efficiency and conservation activities are eligible along with energy infrastructure projects.

**Hazard Mitigation Grants:** Hazard Mitigation is any action taken to eliminate or reduce the long-term risk to human life and property from natural and technological hazards. While preparedness and response may focus primarily on reacting to a disaster, mitigation is a continuous activity intended to make families and communities more disaster-resistant. This **YouTube video** explains what hazard mitigation is, the type of projects it can fund and what you need to do in order to obtain project funding.

**Clean Renewable Energy Bonds:** Clean renewable energy bonds (CREBs) may be used by certain entities -- primarily in the public sector -- to finance renewable energy projects. The list of qualifying technologies is generally the same as that used for the federal renewable energy production tax credit (PTC). CREBs may be issued by electric cooperatives, government entities (states, cities, counties, territories, Indian tribal governments or any political subdivision thereof), and by certain lenders. The bondholder receives federal tax credits in lieu of a portion of the traditional bond interest, resulting in a lower effective interest rate for the borrower.* The issuer remains responsible for repaying the principal on the bond.