In a unique public-private collaboration, the State of Tennessee is creating a targeted loan program for financing energy efficiency improvements.

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Thanks to the leadership of Governor Bredesen and the legislature, Tennessee businesses will now have access to energy-efficiency financing at an unprecedented level.

Through this leadership, the State of Tennessee is creating a unique public-private collaboration to develop a model for the rest of the nation to follow. This first-of-its-kind collaboration is leveraging state funds with capital from the Tennessee Valley Authority (TVA), Pinnacle National Bank, and Pathway Lending for the creation of a targeted loan program for financing energy efficiency improvements. This program is receiving additional support from the U.S. Economic Development Administration and the U.S. Department of Energy as a possible blueprint for other states.

Why is it important that Tennessee and Pathway Lending develop and launch this type of loan program at this time? As many businesses understand, energy costs are rising, corporate budgets for capital projects are shrinking, and as the Pew Foundation recently reported, lack of financing is the number-one barrier to implementing energy-efficiency projects.

This program will bring businesses in our state what is currently unattainable—access to loan capital to finance energy efficiency and renewable energy projects. The program will provide below-market-rate loans to finance energy efficiency improvements ranging from $20,000 to $1 million in Tennessee facilities. Whether it’s building retrofits, upgrading equipment, or adding renewable-energy generation, businesses can now take the next step in achieving the significant, long-term energy savings they’ve been demanding, all while becoming more competitive and reducing impact on the environment.

The study Energy Efficiency in the South, released in April 2010, cites that by reducing the growth of electricity consumption, Tennesseans could save as much as $1.6 billion a year by 2020 and $3.1 billion a year by 2030. More important, energy-efficiency projects create and retain jobs right here in Tennessee. These economic impacts are felt locally where trained contractors, consultants, and installers are needed for project implementation. Over the next 10 years, it is expected that this loan program will generate more than $100 million in loans and will create and retain more than 3,500 jobs while decreasing Tennessee’s demand for new electric power generation and reducing environmental impacts.

Tennessee has made significant strides to become a national leader in sustainability and green business over the past few years. Major corporations specializing in solar energy are moving to our state. Organizations like the Southeastern Energy Efficiency Alliance are educating businesses on the value of energy efficiency. Oak Ridge National Laboratory is using commercially available and lab-developed technology for energy-efficiency efforts such as the Net-Zero Energy Building and Sustainable Campus Initiative, all of which have been recognized as potential national models.

Energy efficiency is a smart decision for business and the economy of our state and an even better decision for the environment. Pathway Lending is launching an efficient online application process to assist businesses across Tennessee from sole proprietors to corporations in their efforts to become more energy efficient, environmentally friendly, and globally competitive.

Clint Gwin is president of Pathway Lending, a Community Development Financial Institution as certified by the U.S. Department of the Treasury.