



Local Energy Efficiency Program & Energy Savings Partnership Report

Minnesota Statutes, section 216C.43, subd.12

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As requested by Minnesota Statutes, section 3.197: This report cost approximately \$500.00 to prepare, including staff time, printing and mailing expenses.

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Overview

Minnesota Statutes § 216C.42 and 216C.43 authorize the Minnesota Department of Commerce (Commerce) to provide local units of government with technical services, standard project financing agreements, and supplemental cash flow agreements necessary for conducting energy project studies and qualifying energy improvement projects. Local units of government are defined as a Minnesota county, statutory or home rule charter city, town, school district, park district or any combination of those units operating under an agreement to exercise powers jointly.

Pursuant to Minnesota Statutes, section 216C.43, subd. 12, the Commissioner of Commerce submits this annual report regarding two programs: the Energy Savings Partnership (ESP) and the Local Energy Efficiency Program (LEEP).

Energy Savings Partnership (ESP)

The Energy Savings Partnership comprises a loan program operated by the Saint Paul Port Authority (SPPA) and a loan loss reserve (LLR), funded by the Department of Commerce. The program offers lower interest rates than available from private market bank loans to public entities for a wide range of energy projects. The LLR facilitates the lower interest rates SPPA can provide. ESP has been most attractive to small cities, counties, and school districts with smaller projects throughout Greater Minnesota.

Local Energy Efficiency Program (LEEP)

Launched in 2016, the Local Energy Efficiency Program (LEEP) supports the implementation of energy project studies and technical review of projects. Commerce offers a robust collection of programs and technical services, as well as financing and project planning services to local units of government across the state. Services include:

- Project development support, including:
 - Needs and Opportunity Assessment
 - Project Development and Contracting Process Selection
 - Energy Project Study Provider Selection
 - Energy Project Financing
 - Energy Project Performance Period Review
- Development of guidance tools for performance contracting for energy project development.
- Support and resources for leveraging external energy partner resources and program tools.
- Coordination of outreach services with strategic partners, including Clean Energy Resource Teams (CERTs), Green Step Cities and Schools, State Agency Tribal Liaison and industry associations.

Additionally, Commerce developed the Wastewater Treatment Plant (WWTP) Cohort Training program in partnership with the University of Minnesota Technical Assistance Program (MnTAP) to address barriers to

energy efficiency at small to mid-sized mechanical wastewater treatment plants.¹ The program used a cohort training model, which aimed to capitalize on regional networks of operations staff, and encourage information sharing, technical training, and collaboration. The program ended in July 2025, with a total of 9 cohort modules completed.

2025 Annual Summary and Metrics

Energy Savings Partnership

Commerce worked with the Port Authority to develop a tool and process for loan application intake, including a checklist for local governments, to ensure smooth technical review and implementation.

Of the \$2 million in Commerce funds originally dedicated to the Energy Savings Partnership Loan Loss Reserve, all program funds remain available, as there have been zero loan defaults through SPPA's loan program since its inception. Program funds have returned a 1% interest income rate, added quarterly to the reserve funds that support the private capital. This means that while LLR programs are typically designed to facilitate losses in support of program activity, the ESP balance instead demonstrated modest growth over the year, extending the longevity of these funds. All loans are on schedule, and many are already more than 50% repaid.

The ESP has leveraged projects valued at over 250% of the LLR dedicated funds, enabling a greater impact than a revolving loan fund (RLF). Since 2012, the ESP has financed local government energy projects with a total project cost of over \$5 million. The building space impacted by the program projects totals over one million square feet.

ESP Project Metrics

ESP continued a portfolio of ten financed projects through 2025, totaling over \$5.6 million (see Table 1 below). The projects included three cities and seven school districts, ranging from \$500,000 to \$1.8 million. Cumulatively, the ESP loan loss reserve has leveraged over \$5.6 million in private capital with an estimated annual energy savings of approximately \$300,000.

Table 1. 2025 ESP Metrics Overview

	ESP State Program funds spent (\$)	ESP Private Funding Leveraged (\$)	Buildings	Total Square Footage	Calculated Energy Savings (kWh)	Estimated annual Energy Savings (\$)
2025	\$0.00	\$0	0	0	0	\$0
Cumulative	\$0.00	\$5,647,415	22	1,143,424	831,146	\$296,381

¹ For details on programs and projects, see: [MnTAP – WWTP](#)

Local Energy Efficiency Program

In 2025, Commerce continued outreach efforts to local governments and schools to promote LEEP as a tool for reducing energy use, adopting renewable energy systems and reducing greenhouse gas emissions. While no new grants or loans were issued this past year, engagement efforts remained strong. The WWTP Cohort Training program, which ended in July 2025, provided key foundational information on energy use and conservation in the wastewater sector. In total, four final standalone assessments were completed in addition to the nine training cohorts conducted throughout Minnesota. No new projects were completed this year.

LEEP Metrics

At program completion, the wastewater training program identified energy-saving opportunities of over 9.9 million kWh per year, with a potential cost savings of \$816,000 per year. By July 2025, nearly half of these projects were completed, delivering approximately 4.8 million kWh in implemented energy savings and \$417,000 in annual cost savings for Minnesota municipal wastewater treatment facilities.

Key technical assistance metrics for the LEEP are summarized in Table 2.

Table 2. 2025 LEEP Technical Assistance Provided

LEEP Technical Assistance Metric Description	2025
Number of detailed engagement contacts	167
Number of technical assistance training and resource events	12
Number of event participants	560
Number of projects supported through technical assistance	15