



2016

FEDERAL FINANCING PROGRAMS *for* **CLEAN ENERGY**



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FOREWORD

Federal Financing Programs for Clean Energy is a resource guide to U.S. government programs that support the development of clean energy projects in the U.S. and abroad. The programs listed here are resources that can support clean energy deployment, and in turn lead to new investment, job creation, and additional benefits that can invigorate communities.

Business owners, homeowners, investors, policymakers, and others can use this guide as a “Yellow Pages” to federal programs. For every program listed, the guide identifies additional contact information to answer questions and provide additional direction. In some situations, the financing programs listed are specifically designed to support energy-related projects. In other cases however, energy efficiency and clean energy are among many qualifying purposes for the particular financing program.

This guide is a companion to the **Database for State Incentives for Renewable Energy and Energy Efficiency** (DSIRE), which provides state-specific information on incentives and policies to support clean energy and energy efficiency in the United States. More information on DSIRE is available at www.dsireusa.org.

Additional information is available through the U.S. Department of Energy and its **Clean Energy Investment Center** (CEIC). More information on the DOE financing programs and the CEIC is available at www.energy.gov/finance.

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UNITED STATES DEPARTMENT OF ENERGY

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

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 - ▶ *Title XVII Case Study*
- LPO: Advanced Technology Vehicles Manufacturing (ATVM) Direct Loan Program
 - ▶ *ATVM Case Study*
- Energy Savings Performance Contracts for Federal Buildings

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DOE Loan Programs Office (LPO)

DESCRIPTION

The U.S. Department of Energy's [Loan Programs Office \(LPO\)](#) invests in the power of American innovation.

LPO investments accelerate the deployment of innovative clean energy projects and advanced technology vehicle manufacturing facilities across the United States. Its team of technical, financial, environmental, and legal professionals is dedicated to advancing an energy strategy that avoids, reduces, or sequesters greenhouse gases.

To date, LPO has supported a large, diverse portfolio of more than \$30 billion in loans, loan guarantees, and commitments covering more than 30 projects across the United States. Together, these projects have generated more than \$50 billion in total project investment, supported job creation, cut pollution, and enhanced American competitiveness in the global economy.

LPO has more than \$40 billion in remaining loan and loan guarantee authority to finance innovative clean energy projects and advanced technology vehicles manufacturing.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Applications are currently being accepted under two programs:

- Title XVII Innovative Clean Energy Loan Guarantee Program
- Advanced Technology Vehicles Manufacturing (ATVM) Direct Loan Program

FOR MORE INFORMATION

Title XVII Loan Guarantee Program

www.energy.gov/lpo/title-xvii

Phone: 202-586-8336

Fax: 202-586-7366

Email: lgprogram@hq.doe.gov

U.S. Department of Energy LP 10
1000 Independence Avenue, SW
Washington D.C. 20585

ATVM Direct Loan Program

www.energy.gov/lpo/atvm

Phone: 202-586-8146

Fax: 202-586-7809

Email: atvmloan@hq.doe.gov

U.S. Department of Energy LP 20
1000 Independence Avenue, SW
Washington D.C. 20585



DOE Loan Programs Office Title XVII Innovative Clean Energy Loan Guarantee Program

DESCRIPTION

LPO has more than \$24 billion in remaining loan authority to help finance innovative clean energy projects.

The Title XVII innovative clean energy projects (Title XVII) loan program provides loan guarantees to accelerate the deployment of innovative clean energy technology. The U.S. Department of Energy is authorized to issue loan guarantees pursuant to Section 1703 of Title XVII of the [Energy Policy Act of 2005](#). Loan guarantees are made to qualified projects and applicants who apply for funding in response to open technology-specific solicitations.

The Title XVII loan program applies to a wide range of energy technologies, including advanced fossil energy, nuclear energy, renewable energy, and energy efficiency.

ELIGIBLE ACTIVITIES AND INVESTMENTS

To be eligible for a Title XVII loan guarantee, a project must meet all of the following requirements:

- Be an “Eligible Project” as defined in an open solicitation in the technology area described therein;
- Employ “new or significantly improved” technologies as compared to commercial technologies in services in the United States at the time the guarantee is issued;
- Avoid, reduce, or sequester greenhouse gas emissions;
- Be located in the United States (foreign ownership or sponsorship of the projects is permissible as long as the projects is located in one of the fifty states, the District of Columbia, or a U.S. territory); and,
- Provide a reasonable prospect of repayment.

In addition, an applicant must demonstrate that it has sufficient funds to carry out the project and is limited from receiving certain other federal support as more fully described in the applicable solicitation.

LPO is currently accepting applications in response to the following open Title XVII solicitations:

1) Advanced Fossil Energy Projects Solicitation

This solicitation seeks applications for projects that cover a range of advanced fossil technologies. These technologies could include any fossil technology that is new or significantly improved, as compared to more established technologies in service in the U.S., and reduces greenhouse gas emissions. Applicants should review the final solicitation and all supplements before submitting an application. These materials are available online at: <http://go.usa.gov/cuZCj>

While eligibility will ultimately be evaluated on a project by project basis, LPO has identified four technology areas of interest under this solicitation:

- **Technology Area 1: Advanced Resource Development**
Resource development and extraction can be an energy intensive process and a major contributor of lifecycle greenhouse gas emissions associated with fossil fuel use. Together, the processes account for roughly five percent of the United States greenhouse gas emissions. Advances in technologies and practices associated with developing coal, natural gas, and oil resources offer the ability to improve efficiencies and reduce upstream greenhouse gas emissions associated with producing and delivering fossil energy to end users. DOE anticipates qualifying projects may include, but are not limited to, the following: novel oil and gas drilling, stimulation, and completion technologies that avoid, reduce, or sequester greenhouse gases; use of associated gas production to reduce flaring; coal-bed methane recovery to reduce methane emissions into the atmosphere associated with coal mining; underground coal gasification; and methane emissions capture from energy production, transmission, or distribution.
- **Technology Area 2: Carbon Capture**
Fossil-based energy systems are point-sources that generate CO₂ in their processes and typically emit large volumes of CO₂ into the atmosphere. Currently, these facilities account for over half of the United States' annual greenhouse gas emissions. The purpose of carbon capture technology is to selectively remove CO₂ from process streams and flue gases, and produce a concentrated stream that can be compressed and transported to a permanent storage site. DOE anticipates qualifying projects may include, but are not limited to, the following: CO₂ capture from synthesis gases in fuel reforming or gasification processes; CO₂ capture from flue gases in traditional coal or natural gas electricity generation; and CO₂ capture from effluent streams of industrial processing facilities.
- **Technology Area 3: Low-Carbon Power Systems**
Fossil-based electricity generation traditionally involves fuel combustion with air as a heat and power source, producing a flue gas with low concentrations of CO₂, and, therefore, making the adoption of carbon capture more difficult. Novel processes have

been proposed that generate fossil-based electricity but do not require traditional carbon capture technology in order to reduce CO₂ emissions. DOE anticipates qualifying projects may include, but are not limited to, the following: coal or natural gas oxycombustion; chemical looping processes; hydrogen turbines; and synthesis gas, natural gas, or hydrogen based fuel cells.

- **Technology Area 4: Efficiency Improvements**

Industrial fossil-based systems typically utilize only a fraction of the energy available from their feedstocks and often reject a large amount of low quality and waste heat from their processes. Technology improvements to increase the efficiency of fossil-based systems can result in reduced emissions-per-product and better fuel utilization. DOE anticipates qualifying projects may include, but are not limited to, the following: combined heat and power; waste heat recovery on industrial facilities; high-efficiency distributed fossil power systems; and high temperature materials for fossil-based systems.

2) **Advanced Nuclear Energy Projects Solicitation**

This solicitation seeks applications for projects that cover a range of advanced nuclear technologies. These technologies could include any nuclear generation or front-end technology that reduces greenhouse gas emissions and is new or significantly improved, as compared to more established technologies in service in the United States. Applicants should review the final solicitation and all supplements before submitting an application. These materials are available online at: <http://go.usa.gov/cuZCx>

While eligibility will ultimately be evaluated on a project-by-project basis, LPO has identified four key technology areas of interest under this solicitation:

- **Technology Area 1: Advanced Nuclear Reactors**

This area focuses on nuclear energy projects with state-of-the-art design improvements in the areas of fuel technology, thermal efficiency, modularized construction, safety systems, and standardized design.

- **Technology Area 2: Small Modular Reactors (SMRs)**

This area focuses on nuclear energy projects with state-of-the-art design improvements in the areas of fuel technology, thermal efficiency, modularized construction, safety systems, and standardized design and are nominally 300 MWe or smaller in size.

- **Technology Area 3: Upgrades and Upgrades at Existing Facilities**

This area focuses on projects consisting of improvements and/or modifications to an existing reactor that is (1) operating but that due to such improvements and/or modifications will operate more efficiently and/or will increase capacity; (2) is not operating

and cannot operate without such improvements and/or modifications or; (3) is operating but would be required to cease operating unless such improvements and/or modifications are made.

- **Technology Area 4: Front-End Nuclear**

This area focuses on advanced nuclear facilities for the “front-end” of the nuclear fuel cycle. Of the \$12.5 billion available under this solicitation, \$2 billion is available exclusively for “front-end” projects. This could include:

a) Uranium Conversion: Projects that economically convert U3O8 powder into a gaseous form of uranium hexafluoride;

b) Uranium Enrichment: Projects or facilities that transform natural uranium or uranium tails to a higher isotopic content of U235 including by (1) gas centrifuge or (2) laser isotope separation; and

c) Nuclear Fuel Fabrication: Projects that fabricate nuclear fuel including (1) production of UO2 powder that is “reconverted” from enriched UF6 gas from enrichment plants; (2) formation of UO2 pellets from UO2 powder through compaction and sintering; and (3) fuel assembly (i.e. insertion of pellets into zircaloy tubes and formation of a fuel assembly using fasteners.)

3) Renewable Energy and Efficient Energy Projects Solicitation

This solicitation seeks applications for projects that cover a range of renewable energy and energy efficient technologies. These technologies could include any renewable energy or energy efficiency technology that is new or significantly improved, as compared to more established technologies in service in the U.S., and reduces greenhouse gas emissions. Applicants should review the final solicitation and all supplements before submitting an application. These materials are available online at: <http://go.usa.gov/cuZaQ>

While eligibility will ultimately be evaluated on a project by project basis, LPO has identified five technology areas of interest under this solicitation:

- **Technology Area 1: Advanced Grid Integration and Storage**

This area focuses on renewable energy systems that mitigate issues related to variability, dispatchability, congestion, and control by incorporating technologies such as demand response or local storage. These advanced system designs will demonstrate greater grid compatibility of generation from renewable resources and open up an even larger role for renewable power generation. DOE anticipates qualifying projects may include, but are not limited to, the following: renewable energy generation, including distributed generation, incorporating storage; smart grid systems

incorporating any combination of demand response, energy efficiency, sensing, and storage to enable greater penetration of renewable generation; micro grid projects that reduce CO₂ emissions at a system level; and storage projects that clearly enable greater adoption of renewable generation.

- **Technology Area 2: Drop-in Biofuels**

This area focuses on biofuels that are more compatible with today's engines, delivery infrastructure and refueling station equipment. These projects take advantage of existing infrastructure by providing nearly identical bio-based substitutes for crude oil, gasoline, diesel fuel, and jet fuel, or produce intermediate fuel feedstocks that can be delivered to and integrated into existing oil petroleum refineries. These types of projects would not be restricted by current ethanol/biodiesel blend levels and could drive a catalytic change in the fuels market. DOE anticipates qualifying projects may include, but are not limited to, the following: new bio-refineries that produce gasoline, diesel fuel, and/or jet fuel; bio-crude refining processes; and modifications to existing ethanol facilities to gasoline, diesel fuel, and/or jet fuel.

- **Technology Area 3: Waste-to-Energy**

This area focuses on projects harnessing waste products such as landfill methane and segregated waste as a source of energy or fuel. These types of projects will enable commercial scale utilization of waste materials which are otherwise discarded and produce significant clean, renewable energy. DOE anticipates qualifying projects may include, but are not limited to, the following: methane from landfills or ranches via biodigesters to heat and power; crop waste to fuel and/or energy and bioproducts; and forestry waste to fuel and/or energy potentially via and cofiring.

- **Technology Area 4: Enhancement of Existing Facilities**

This area focuses on projects incorporating renewable generation technology into existing renewable energy and efficient energy facilities to significantly enhance performance or extend the lifetime of the generating asset. DOE anticipates qualifying projects may include, but are not limited to, the following: incorporation of power production into currently non-powered dams; inclusion of variable speed pump-turbines into existing hydro facilities; and retrofitting existing wind turbines.

- **Technology Area 5: Efficiency Improvements**

This area focuses on projects that incorporate new or improved technologies to increase efficiency and substantially reduce greenhouse gases. DOE anticipates qualifying projects may include, but are not limited to, the following: improve or reduce energy usage in residential, institutional, and commercial facilities, buildings, and/or processes; recover, store, or dispatch

energy from curtailed or underutilized renewable energy sources; recover, store, or dispatch waste energy from thermal, mechanical, electrical, chemical or hydro-processes; dispatch, control, or stabilize intermittent power to large transmission lines, smart grids, and micro grids.

Eligibility of Distributed Energy Projects

Distributed Energy Projects are currently driving innovation and transforming U.S. energy markets. Unlike the large, centralized power plants that LPO has financed in the past, Distributed Energy Projects are comprised of installations of facilities utilizing a single technology, or a defined suite of technologies, at multiple sites, deployed pursuant to a master business plan. Demonstrating the market viability of innovative technologies in areas such as grid infrastructure and storage, energy-efficient buildings and installations, and distributed power generation would create economic opportunity, strengthen energy security, and reduce greenhouse gas emissions.

As with other types of projects LPO has financed, Distributed Energy Projects using innovative technology face market barriers because commercial lenders are often unwilling or unable to take on the risk of new or innovative technology or project structures until they have a strong history of credit performance and commercial operation. Title XVII of the Energy Policy Act of 2005 addresses the capital constraints associated with innovative technologies in order to accelerate the domestic deployment of such innovative energy technology.

Many potential Distributed Energy Project applicants may be reluctant to submit applications under LPO's solicitations due to uncertainty regarding a project's eligibility or uncertainty about whether LPO will accept the applicant's proposal for a financing structure. LPO believes that Distributed Energy Projects can be eligible projects under its currently outstanding solicitations. However, Distributed Energy Projects require financial structures that are different from most of the financing structures that LPO has used in the past for financing large, centralized projects.

LPO supplemented its Advanced Fossil Energy Projects and Renewable Energy and Efficient Energy Projects solicitations to clarify that it will accept and consider applications for Distributed Energy Projects and to show how such a transaction might be structured. LPO understands that other project structures may exist or be developed, and it will consider applications for projects that use those structures.

How to Apply for a Title XVII Clean Energy Project Loan Guarantee

The Title XVII application process is a two-part process. Eligible applicants receive an invitation to submit Part II of their application after meeting basic eligibility requirements referred to in each solicitation in Part I of the application process.

Fees

LPO is required to collect several fees from Title XVII loan program applicants. Please note that the exact amount of fees will vary with each solicitation. To obtain more detailed information about fees, please refer to the solicitations. In addition, each applicant is responsible for paying the fees and expenses incurred by the Department's independent consultants and outside legal counsel in connection with such applicant's project.

Application Fee

This fee covers the costs associated with the Department's financial and technical reviews to determine which projects will be selected for due diligence. The \$50,000 application fee must be paid at the time the Part I application is submitted. If a project is invited to submit a Part II application, it must pay the remainder of the application fee when it submits the Part II application. For projects requesting more than \$150 million in loan guarantees, the Part II application fee is \$350,000. For projects requesting less than \$150 million in loan guarantees, the Part II application fee is \$100,000.

Facility Fee

The facility fee covers the Department's administrative costs incurred in connection with considering whether to issue a loan guarantee and to issue such loan guarantee, including expenses such as those incurred in connection with due diligence, negotiation and documentation. This fee is typically paid in part at conditional commitment, with the balance due upon issuance of the loan guarantee.

Maintenance Fee

The annual maintenance fee covers the Department's administrative expenses, other than extraordinary expenses, in servicing and monitoring the loan guarantee during the life of the loan. The fee is paid each year in advance, commencing with payment of a pro-rated annual payment on the closing date of the loan guarantee.

Credit Subsidy Cost

The credit subsidy cost is the net present value of the estimated long-term cost to the U.S. government of a loan guarantee as determined under the applicable provisions of the Federal Credit Reform Act of 1990, as amended (FCRA). Section 1702(b) of Title XVII provides that no guarantee shall be made unless:

- (1) An appropriation for the cost of the guarantee has been made,
- (2) The Secretary has received from the applicant a payment in full for the cost of the guarantee and deposited the payment into the Treasury, or
- (3) A combination of one or more appropriations under (1) and one or more payments from the applicant under (2) has been made that is sufficient to cover the cost of the guarantee.

FOR MORE INFORMATION

More information about Title XVII, open solicitations and the application process can be found online at: www.energy.gov/lpo/title-xvii
Apply online at: <https://apply.loanprograms.energy.gov>



DOE Loan Programs Office

Title XVII Case Study

TITLE XVII CASE STUDY: *Desert Sunlight*

LPO has provided financing for numerous award-winning clean energy projects, including Desert Sunlight, a 550-megawatt (MW) photovoltaic (PV) solar power plant located in Riverside County, California, that was issued partial loan guarantees totaling \$1.5 billion.

LPO was created by Congress to provide financing for early deployments of commercial-scale, innovative, clean energy projects because commercial lenders are often unwilling to fully finance such projects. To bridge this financing gap, LPO provided loan guarantees for the first five photovoltaic (PV) solar projects larger than 100 MW that allowed projects to be financed exclusively through the U.S. Treasury's Federal Financing Bank. For Desert Sunlight, LPO worked with a group of 14 commercial financial institutions through the Financial Institution Partnership Program (FIPP) to jointly finance the project.

As required by law, LPO stopped issuing new loan guarantees under the Section 1705 Program on September 30, 2011, but is still accepting applications under the Section 1703 Program. However, the initial investments made by LPO helped build a market that subsequently financed at least 28 additional projects larger than 100 MW without help from the Department. Many were financed by the banks that gained valuable experience working with LPO on Desert Sunlight.

For more information, see: www.energy.gov/lpo/desert-sunlight



DOE Loan Programs Office Advanced Technology Vehicles Manufacturing (ATVM) Direct Loan Program

DESCRIPTION

The ATVM loan program has more than approximately \$16 billion available for loans to support the manufacture of advanced technology vehicles and qualifying components.

In order for a vehicle to be an advanced technology vehicle, the vehicle must be a “light-duty” passenger vehicle that satisfies specified emission and fuel economy standards, or is an “ultra-efficient” vehicle. To be a qualifying component, the component must be designed and installed for the purpose of meeting the performance requirements for an advanced technology vehicle.

The ATVM direct loan program was established in Section 136 of the [Energy Independence and Security Act of 2007](#).

ELIGIBLE ACTIVITIES AND INVESTMENTS

To be eligible for an ATVM direct loan an applicant must:

- Be an automotive manufacturer satisfying specified fuel economy requirements or a manufacturer of qualifying components.
- Be financially viable without the receipt of additional federal funding for the proposed project.

The proceeds of an ATVM direct loan may only be used to pay for ATVM eligible costs after substantial completion of an application has been determined. ATVM eligible costs are:

- Costs that are reasonably related to reequipping, expanding, or establishing manufacturing facilities in the United States to produce advanced technology vehicles or qualifying components; and
- Costs of engineering integration performed in the United States of advanced technology vehicles or qualifying components.

Eligible projects must be located in the United States, but the ATVM program is open to both foreign and domestic manufacturers.

Interested applicants should review the [ATVM eligibility requirements](#) and the [Updated Guidance for Applicants to the Advanced Technology Vehicles Manufacturing Loan Program](#). Potential applicants are also encouraged to [review the ATVM Overview presentation](#) to learn more about ATVM direct loans and the application process.

Potential applicants may, but are not required to, consult ATVM loan program staff by teleconference or in person to discuss potential applications prior to submission.

How to Apply

Substantially complete application meeting all applicable eligibility requirements. No payment of fees to the Department of Energy is required to apply for an ATVM direct loan; however, applicants are required to pay a 0.1 percent closing fee up to \$100,000 to the Department on the closing date of an ATVM direct loan.

FOR MORE INFORMATION

More information can be found online at: www.energy.gov/lpo/atvm

To schedule a consultation, please email the ATVM program office at atvmloan@hq.doe.gov

Apply online at <https://apply.loanprograms.energy.gov>



DOE Loan Programs Office *ATVM Case Study*

ATVM CASE STUDY: *Ford*

In September 2009, the Department of Energy issued a \$5.9 billion loan to the Ford Motor Company to upgrade 13 facilities in Illinois, Kentucky, Michigan, Missouri, New York, and Ohio. The resulting state-of-the-art assembly and manufacturing plants have the enhanced flexibility of producing multiple-platform, fuel-efficient advanced technology vehicles in response to changing market demands and fuel efficiency standards.

Ford updated several factories to continue improving fuel efficiency in more than a dozen popular vehicles, including the Escape, Fiesta, Focus, Fusion, and Taurus car models, as well as the F-150 light-duty truck. The innovations include the family of Ford EcoBoost™ engines, which are available in almost all models, and introductions of new hybrid, plug-in hybrid, and all-electric plug-in vehicles. 2015 marked the first time Ford had surpassed more than 1 million in vehicles sold with the EcoBoost™.

For more information, see: www.energy.gov/lpo/ford



DOE

Energy Savings Performance Contracts for Federal Buildings

DESCRIPTION

Energy Savings Performance Contracts (ESPCs) are an innovative financing technique that use cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. Normally offered by Energy Service Companies (ESCOs), this financing technique allows federal buildings to achieve energy savings without requiring up-front capital expenses.

The costs of the energy improvements are borne by the ESCO and paid back out of guaranteed energy savings. Other advantages include the ability to use a single contractor to do necessary energy audits and retrofit and to guarantee the energy savings from a selected series of conservation measures. ESPCs for federal buildings can create local jobs and drive work for American manufacturers and their workforces.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Installation of energy conservation measures on federal buildings and federal facilities are eligible.

FOR MORE INFORMATION

More information about ESPCs for federal buildings may be found online at:

<http://www1.eere.energy.gov/femp/about/about.html>

Program Contact

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OVERSEAS
PRIVATE
INVESTMENT
CORPORATION

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

- Debt Financing
- Political Risk Insurance
- Support For Private Equity Funds
 - ▶ *OPIC Case Study*

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OPIC Debt Financing

DESCRIPTION

OPIC offers direct loans and guarantees of up to \$250 million for tenors as long as 20 years with specific programs targeting small and medium U.S. businesses. By complementing the private sector, OPIC can provide financing in countries where conventional financial institutions often are reluctant or unable to lend.

ELIGIBLE ACTIVITIES AND INVESTMENTS

OPIC maintains a checklist to help project sponsors determine whether they are eligible for OPIC financial products at:

<https://www.opic.gov/what-we-offer/financial-products/eligibility>

FOR MORE INFORMATION

Program Contact

Nadia Rhazi

Program Manager; Renewable and Clean Energy Group

nadia.rhazi@opic.gov



OPIC Political Risk Insurance

DESCRIPTION

OPIC offers coverage of up to \$250 million against losses due to currency inconvertibility, expropriation, regulatory risk, political violence, and breach of contract. The political risk insurance also offers reinsurance capabilities.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Political risk insurance is available to U.S. investors, lenders, contractors, exporters, and NGOs for investments in 150 developing countries, including high-risk countries such as the Democratic Republic of Congo, Iraq, Afghanistan, and Pakistan. Coverage is offered for small and large investments that provide positive developmental benefits.

FOR MORE INFORMATION

Program Contact

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Managing Director, Political Risk Insurance

Structured Finance and Insurance Department

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OPIC Support For Private Equity Funds

DESCRIPTION

OPIC offers debt financing for emerging market private equity funds selected through an open and competitive process.

ELIGIBLE ACTIVITIES AND INVESTMENTS

OPIC initiates the fund manager selection process only through the publication of a call for proposals (the “Call”) in private equity trade journals and on OPIC’s website. Then, a selection committee, comprised of an internal OPIC team and an independent private equity consultant, conducts extensive manager evaluations. All applications that meet the published selection criteria will be considered.

Generally, the evaluation of prospective fund managers is based on the following criteria:

- The viability and thoughtfulness of the proposal;
- The relevant track record of the prospective management team;
- The cohesiveness of the management team, and its experience managing third-party capital; and,
- The ability of the manager to raise sufficient equity capital to support the investment thesis.

FOR MORE INFORMATION

Program Contact

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OPIC *Case Study*

OPIC CASE STUDY: *Caribbean Energy Security Initiative*

For the Caribbean, energy security is a major challenge. The region is largely dependent on imported fuel for electricity generation, which diverts resources away from economic development. Since 2014, when the U.S. launched the Caribbean Energy Security Initiative (CESI), OPIC has been one of the U.S. agencies helping to transform the region's electricity sector. OPIC is dedicating resources to finance projects that will introduce more home-grown renewable energy and sustainable clean technologies.

Jamaica has been one of the regional leaders in transitioning to cleaner sources of electricity generation, and OPIC debt financing and insurance have played a part in helping Jamaica achieve that goal. Specifically, OPIC is providing support to a 20 MW solar facility, which will be one of the largest solar plants in the Caribbean. In addition, OPIC is supporting a 36 MW wind farm, which will be Jamaica's largest private sector renewable energy project. These facilities alone will account for about seven percent of the country's generating capacity.



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

- Development Credit Authority
- Development Innovation Ventures

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USAID Development Credit Authority

DESCRIPTION

USAID provides foreign assistance to support shared development objectives. USAID implements Development Credit Authority (DCA) guarantees.

DCA partial credit guarantee is designed to:

- Reduce risks to generate additional lending to underserved markets and sectors; and
- Demonstrate the long-term commercial viability of lending in developing markets.

The DCA portfolio from 1999 through 2015 has supported more than \$4.2 billion in credit made available in 74 countries.

ELIGIBLE ACTIVITIES AND INVESTMENTS

General Features Include:

- Guarantee backed by the full faith and credit of the U.S. Treasury
- Typically a 50 percent pari passu guarantee on loan principal (not fees or interest)
- Share recoveries pro-rata with USAID net of reasonable documented expenses actually incurred
- Guarantee of non-sovereign debt capital
- Guarantee on disbursements, typically used for term loans
- Flexibility to guarantee local and/or foreign currency
- Guarantee loan maturities of up to 20 years
- Loans registered online in a simple Internet-based Credit Management System
- Pre-approval not required for individual loans placed under loan portfolio guarantees
- Guarantees may be paired with USAID or other technical assistance projects that can:
 - Strengthen the borrower's ability to repay
 - Support the financial institution's lending capacity in a new sector

Standard Terms Include:

- Guarantee of realized losses, requiring the following claim procedures:
 - Wait 90 days after the final letter of demand is sent to the borrower
 - Certify that reasonable collection efforts have been pursued
 - Write off the loan or take a minimum 20 percent provision if a legal impediment exists to writing off the loan
- Fees to achieve development impact:
 - Origination fee: A one-time, up-front fee based on the facility size
 - Utilization fee: A semi-annual fee based on the value of loans placed under the guarantee

Standard DCA guarantee products include:

- Loan Guarantee
- Loan Portfolio Guarantee
- Portable Guarantee
- Bond Guarantee

FOR MORE INFORMATION

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www.usaid.gov/dca



USAID

Development Innovation Ventures

DESCRIPTION

Development Innovation Ventures (DIV) is an open competition supporting breakthrough solutions to development challenges around the world. USAID looks for interventions that could change millions of lives at a fraction of the usual cost.

ELIGIBLE ACTIVITIES AND INVESTMENTS

How DIV Works:

- **The power of open innovation**
USAID believes that transformative development solutions can come from anyone, anywhere in the world, so we hold a year-round, open call for ideas. DIV supports interventions in any sector and in nearly any country.
- **Harnessing your ideas**
The competition is open year-round. Apply with your ideas by submitting a short Letter of Interest summarizing your solution. If the proposal meets our selection criteria and the DIV pillars of cost-effectiveness, evidence, and scale, we will ask you to submit a Full Application for final selection.
- **What can be done together**
USAID awards grant financing to winners in three distinct stages of financing. Funding ranges from under \$100,000 to \$15 million, and is based on where a project is in its development and to what extent you have previously gathered evidence of success. The goal is to work together in order to maximize impacts, lower costs, and bring successful solutions to scale.

Criteria:

- **Cost- Effectiveness**
DIV seeks solutions with the potential to deliver more impacts per dollar than traditional alternatives.
- **Rigorous Testing**
DIV emphasizes assessment of social impacts to evaluate what is working, or to find out what is not.

- **Pathways to Scale**

DIV expects solutions to grow via the private or public sector without long-term DIV support

The DIV portfolio includes more than investments made to date, to awardees in organizations including NGOs, academic institutions, and companies and social enterprises.

Sectors supported to date include:

- Democracy and Governance
- Economic Growth and Trade
- Energy
- Global Health
- Agriculture and Food Security
- Education and Training
- Environment
- Water, Sanitation, and Hygiene

FOR MORE INFORMATION

www.usaid.gov/div



UNITED STATES
DEPARTMENT OF
AGRICULTURE

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

- Environmental Quality Incentives Program
- Multi-Family Housing Energy Efficiency Initiative
- Repowering Assistance Program
- Rural Development Bioenergy Program for Advanced Biofuels Payment Program
- Rural Development Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program
- Rural Development Loan & Grant Assistance (Several Programs)
- Rural Energy for America Program
- The Rural Utilities Service: Electric Loan Program
- The Rural Utilities Service: Energy Efficiency & Conservation Loan Program
- The Rural Utilities Service: High Energy Cost Grant Program
- The Rural Utilities Service: Rural Energy Savings Program
 - ▶ *Additional USDA Local Implementation Information*

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USDA Environmental Quality Incentives Program

DESCRIPTION

The Natural Resources Conservation Service (NRCS) provides direct financial assistance payments through the Environmental Quality Incentives Program (EQIP) to agricultural producers for installation of conservation practices that result in defined environmental benefits. EQIP also includes technical assistance to help producers with detailed planning, design, and installation oversight for approved conservation practices.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Financial assistance payments are available through EQIP contracts to address energy efficiency for:

- Farm-specific analysis of energy consumption, which is required as a baseline for recommendations of energy efficiency practices. This analysis, also known as an energy audit, may be developed without EQIP assistance, but must meet the American National Standards Institute (ANSI)/American Society of Agricultural and Biological Engineers (ASABE) standard for Type 2 energy audits as a basis for EQIP financial assistance for implementation of recommendations in the energy audit;
- Recommendations made in qualifying energy audits for practices that have a potential to decrease fuel consumption or purchased electricity by installing improvements to building heating, cooling, and ventilation systems, and by replacing equipment such as motors, pumps, or lighting to improve efficiency; and,
- Improvements of control of systems using timers, sensors, and variable speed drives as recommended in a qualified energy audit.

NRCS accepts and processes EQIP applications on a continuous basis; however, each state may establish deadlines for one or more application periods in which to consider eligible applications for funding.

Producers must submit a complete program application, establish farm records, and other documentation to support eligibility to be considered for financial assistance through EQIP.

FOR MORE INFORMATION

Information can be found online at:

<http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/eqip> for EQIP, and

<http://www.nrcs.usda.gov/wps/portal/nrcs/detail/national/programs/financial/eqip/?cid=stelprdb1046252> for the EQIP National On-Farm Energy Initiative.

More assistance is available for individuals from NRCS Field Offices throughout the country. To locate the nearest NRCS office, see the USDA Local Service Centers Directory at:

<http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/contact/local>

Program Contact

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USDA Multi-Family Housing Energy Efficiency Initiative

DESCRIPTION

The Multi-Family Housing Energy Efficiency Initiative enables Section 515 Rural Rental Housing Program for New Construction, Section 514 Farm Labor Housing Loans and Section 516 Farm Labor Housing Grants for Off-Farm Housing, Section 522 Housing Preservation Grants, and Sections 514, 515 and 516 Multi-Family Housing Revitalization Demonstration Program applicants to help the environment and increase their eligibility for funding by incorporating energy efficiency practices into project designs, construction, and operations.

The goal of the Multi-Family Housing Energy Efficiency Initiative is to promote development projects that require a reduced quantity of energy to operate, use energy sources that do not produce greenhouse gases and that have little or no net emission of greenhouse gases, and are economically viable. Points are available to applicants who seek third-party energy efficiency certifications, use energy efficient building materials and design strategies, generate energy on site, and make a commitment to energy efficient post-construction operation and maintenance.

ELIGIBLE ACTIVITIES AND INVESTMENTS

The three areas of focus for the Energy Efficiency Initiative are energy conservation, energy generation, and green property management.

Note: Please see the most current Notice of Funds Availability (NOFA) for a detailed review of application and project requirements.

Energy Conservation

For energy conservation, the Multi-Family Housing Energy Efficiency Initiative awards points for both new construction and rehabilitation projects to participate in energy efficiency programs and standards certifications. Though each of the programs listed below is different, some share common features, which may make it easier to obtain multiple certifications. Points are awarded for each certification obtained, although not all certifications are accepted by all USDA-RD programs. Participation in qualified local and regional programs and certifications may also earn points.

It is important to note that certain programs have multiple levels of certification and that additional points are awarded for reaching higher levels. The following are the current available certification programs for energy conservation:

- The Environmental Protection Agency's Energy Star for Homes program;
- The Enterprise Community Partners' Green Communities program;
- The United States Green Building Council's LEED for Homes program;
- Home Innovation's - National Green Building Standard™; and,
- Department of Energy's Zero Energy Ready Home program.

Note: Please see the individual USDA-RD program NOFAs for details on which certifications are permissible for your project.

Energy Generation

In addition to participating in standards certifications and energy efficiency programs, the Multi-Family Housing Energy Efficiency Initiative encourages developers to generate energy on-site by utilizing technology to lessen their properties' need for outside energy sources. Doing so will earn additional NOFA points and increase a project's viability regarding USDA-RD program funding. Energy generation can be accomplished using technologies including, but not limited to: wind turbines, micro-turbines, micro-hydropower, photovoltaics (capable of producing a voltage when exposed to radiant energy, especially light), solar hot water systems, biomass/biofuel systems that do not use fossil fuels in production, and geo-exchange systems. Developers must use industry recognized simulation software when estimating energy consumption and generation for preliminary building designs. They must also then submit a report of findings based on the simulations with their USDA-RD program applications.

USDA-RD recognizes that zero-net energy consumption is a challenge to developers and builders alike and not all applicants will reach this goal. Projects will receive points for partial energy generation of ten percent or more. Points received may increase with higher percentages of energy generation, where generation is considered to be the total amount of energy needed on-site to make the building a zero-net energy consumer of energy. In other words, the building requires no more energy than it produces. In 2014, points were added for achieving a small percentage of off-grid energy generation as well.

Green Property Management

USDA-RD believes it is important to focus on energy efficiency even after construction is complete. Responsible post-construction operation and maintenance is a duty for every environmentally sound property. For this reason, all applications will receive additional points if the designated property management company or individuals that will assume operations and maintenance obligations have a Credential for Green Property Management. Credentialing can be obtained from any of the following organizations:

- National Apartment Association (NAA);
- National Affordable Housing Management Association;
- The Institute for Real Estate Management; and,
- US Green Building Council's Leadership in Energy and Environmental Design for Operations and Maintenance (LEED OM).

The Credential for Green Property Management can be obtained from other organizations with certifiable credentialing programs. To be considered, all credentials must be illustrated in the application in the resumes/biographies of the property management team.

FOR MORE INFORMATION

More information can be found online at:

<http://www.rd.usda.gov/programs-services/all-programs>

Program Contact

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USDA Repowering Assistance Program

DESCRIPTION

This program provides payments to eligible biorefineries to encourage the use of renewable biomass as a replacement fuel source for fossil fuels used to provide process heat or power in the operation of eligible biorefineries.

ELIGIBLE ACTIVITIES AND INVESTMENTS

The purpose of this program is to provide financial incentives to biorefineries in existence on June 18, 2008, the date of the enactment of the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) (Pub. L. 110 -246), to replace the use of fossil fuels used to produce heat or power at their facilities by installing new systems that use renewable biomass, or to produce new energy from renewable biomass.

The program encourages the use of renewable biomass as a replacement fuel source for fossil fuels used to provide process heat or power in the operation of eligible biorefineries. The amount of assistance is determined by the availability of funds, the project scope, and the ability of the proposed project to meet all the scoring criteria.

In particular, the percentage reduction in fossil fuel used by the biorefinery, the quantity of fossil fuels replaced by a renewable biomass system, and the cost effectiveness of the renewable biomass system determines the amount of assistance. Payments are made for eligible post-application costs incurred during the construction phase of the repowering project.

Eligible biorefineries are those that were in existence prior to June 18, 2008. Biorefineries must install new systems that use renewable biomass to produce heat and power for plant operations and replace the use of fossil fuels. To be eligible to receive a payment under this section, a biorefinery shall demonstrate that the renewable biomass system of the biorefinery is feasible based on an independent feasibility study that takes into account the economic, technical, and environmental aspects of the system.

FOR MORE INFORMATION

More information can be found online at:
<http://www.rd.usda.gov/programs-services/repowering-assistance-program>

You may also contact your state Rural Energy Coordinator:

http://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf

Program Contact

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USDA Rural Development Bioenergy Program for Advanced Biofuels Payment Program

DESCRIPTION

The Advanced Biofuel Payment Program provides payments to producers to support and expand production of advanced biofuels refined from sources other than corn kernel starch. The program supports and helps to ensure the expanding production of advanced biofuels by providing payments to eligible advanced biofuel producers.

Additional incentive payments may be made to certain producers who have increased their biofuel output over the previous year's production. Advanced biofuels are produced from renewable biomass crops such as cellulose, sugar and starch (other than ethanol derived from corn kernel starch), hemicelluloses, lignin, waste materials, biogas, butanol, diesel-equivalent fuel, sugarcane, and nonfood crops such as poplar trees or switchgrass.

Assistance payments are determined by the number of eligible participants and the amount of program funding to be distributed among a pool of advanced biofuel producers (eligible participants) for a given period of time.

ELIGIBLE ACTIVITIES AND INVESTMENTS

To be eligible for the Advanced Biofuel Payment Program, an applicant must produce and sell an advanced biofuel. Conditions need to be met for the producer and the biofuel.

An Advanced Biofuel Producer is an individual, corporation, company, foundation, association, labor organization, firm, partnership, society, joint stock company, group of organizations, or non-profit entity that produces and sells an advanced biofuel.

Advanced biofuel is a fuel derived from renewable biomass, other than corn kernel starch. An advanced biofuel product must meet each of the following conditions to qualify for this program: must meet the definition of advanced biofuel and be produced in the United States; must be a solid, liquid, or gas; must be a final product; and must be sold as an advanced biofuel through an arm's length transaction to a third party.

FOR MORE INFORMATION

More information can be found online at:

<http://www.rd.usda.gov/programs-services/advanced-biofuel-payment-program>

You may also contact your state Rural Energy Coordinator:

http://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf

Program Contact

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USDA Rural Development Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program

DESCRIPTION

The Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program was established to assist in the development of new and emerging technologies for the development of advanced biofuels. The 2014 Farm Bill expanded the program to include renewable chemical and biobased product manufacturing. The program provides loan guarantees up to \$250 million for the development, construction, and retrofitting of commercial-scale biorefineries and biobased product manufacturing facilities.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Eligible projects must meet the following criteria:

- The project must be for the development and construction of commercial-scale biorefineries using eligible technology or retrofitting of existing facilities with eligible technology or the development, construction, and retrofitting of technologically new commercial-scale processing and manufacturing equipment and required facilities that will be used to convert renewable chemicals and other biobased outputs of biorefineries into end-user products on a commercial scale;
- Biorefinery projects must use an eligible feedstock for the production of advanced biofuels, renewable chemical, or biobased products (examples of eligible feedstocks include, but are not limited to, renewable biomass, and biosolids);
- The project must provide cash funds of not less than 20 percent of eligible project costs; and,
- Refinancing, under certain circumstances, may be eligible.

Applications

Applications must be submitted through agency-approved lenders and conform to the application requirements published in the annual Notification of Funding Availability.

FOR MORE INFORMATION

<http://www.rd.usda.gov/programs-services/biorefinery-renewable-chemical-and-biobased-product-manufacturing-assistance>

Program Contact

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USDA Rural Development Loan & Grant Assistance (Several Programs)

DESCRIPTION

Program assistance is provided in many ways, including direct or guaranteed loans, grants and technical assistance.

Business Loan Assistance:

Business and Industry Loan Guarantee (B&I) Program

The purpose of the B&I Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits. It is not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans.

Loan purposes must be consistent with the general purpose contained in the regulation. They include but are not limited to the following: business and industrial acquisitions when the loan will keep the business from closing, prevent the loss of employment opportunities, or provide expanded job opportunities; business conversion, enlargement, repair, modernization, or development; purchase and development of land, easements, rights-of-way, buildings, or facilities; and purchase of equipment, leasehold improvements, machinery, supplies, or inventory.

Eligible activities can be awarded up to \$25 million.

B&I loan guarantees may be combined with Rural Energy for America Program loan guarantees (see page 56). SBA loan guarantees 7(a) and 504 may also be combined with B&I and REAP loan guarantees.

Housing and Community Facilities Loan Assistance:

Rural Housing Guaranteed Loan

Applicants for Rural Housing Guaranteed Loans may have an income of up to 115 percent of the median income for the area. Families must be without adequate housing, but be able to afford the mortgage payments, including taxes and insurance. In addition, applicants must have reasonable credit histories.

Rural Housing Direct Loan

Section 502 Rural Housing Direct Loans are primarily used to help low-income individuals or households purchase homes in rural areas. Funds can be used to build, repair, renovate or relocate a home, or to purchase and prepare sites, including providing water and sewage facilities.

Single Family Housing Section 502 Direct Loans offer an incentive to borrowers of two points on front and back end loan qualification ratios for compliance with any of the five nationally recognized measurement and verification systems of green, energy-efficient homes:

- The Environmental Protection Agency's Energy Star for Homes program;
- The Enterprise Community Partners' Green Communities program;
- The United States Green Building Council's LEED for Homes program;
- Home Innovation's - National Green Building Standard™; and,
- Department of Energy's Zero Energy Ready Home program.

Rural Repair and Rehabilitation Loans

The Very Low-Income Housing Repair program provides loans and grants to very low-income homeowners to repair, improve, or modernize their dwellings or to remove health and safety hazards.

Rural Rental Housing

The Rural Rental Housing program is adaptable for participation by a wide variety of owners. Loans can be made to individuals, trusts, associations, partnerships, limited partnerships, state or local public agencies, consumer cooperatives, and profit or non-profit corporations.

Individuals, partnerships, limited partnerships, for-profit corporations, non-profit organizations, limited equity cooperatives, Native American tribes, and public agencies are eligible to apply. For-profit borrowers must agree to operate on a limited-profit basis (currently eight percent on initial investment). Borrowers must be unable to obtain credit elsewhere that will allow them to charge rents affordable to low- and moderate-income tenants.

Community Facilities Loan Program

Designated Community Programs can make and guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population. Loans and loan guarantees are available to public entities such as municipalities, counties, and special-purpose districts, as well as to non-profit corporations and tribal governments.

Utilities Loan Assistance:

Electric Loan and Loan Guarantee Program

See page 58 for more information on the Rural Utilities Service Electric Loan and Loan Guarantee Program.

Water and Waste Disposal Direct Loans and Grants

The purpose of the Water and Waste Disposal Direct Loans and Grants Program is to develop water and waste disposal systems in rural areas and towns with a population not in excess of 10,000. The funds are available to public bodies, non-profit corporations, and Indian tribes.

To qualify, applicants must be unable to obtain the financing from other sources at rates and terms they can afford and/or their own resources. Funds can be used for construction, land acquisition, legal fees, engineering fees, capitalized interest, equipment, initial operation and maintenance costs, project contingencies, and any other cost that is determined by the Rural Development to be necessary for the completion of the project. Projects must be primarily for the benefit of rural users.

Water and Waste Disposal Guaranteed Loans

The purpose of the Water and Waste Disposal Guaranteed Loan Program is to provide loan guarantees for the construction or improvement of water and waste disposal projects serving the financially needy communities in rural areas. This purpose is achieved through bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting benefits. The water and waste disposal guarantee loans are to serve a population not in excess of 10,000 in rural areas.

Guaranteed loans are made and serviced by lenders such as banks, savings and loan associations, mortgage companies, and other eligible lenders under the Guarantee Loan Program. These funds are available to be used by public bodies, non-profit corporations, and Indian tribes. To qualify, applicants must be unable to obtain the required credit without the loan guarantee from private, commercial, or cooperative sources at reasonable rates and terms. Each borrower must have or will obtain the legal authority necessary to construct, operate and maintain the proposed facility and services. The facilities must be located in a rural area. All facilities financed under this provision shall be for public purposes. Guaranteed loans may be made in combination with direct loans.

FOR MORE INFORMATION

More information about Rural Development's Loan Assistance can be found online at: <http://www.rd.usda.gov/programs-services/all-programs>

More information about the Business and Industry Loan Guarantee (B&I) Program can be found online at: <http://www.rd.usda.gov/programs-services/business-industry-loan-guarantees>

See the *Additional USDA Local Implementation Information* section on page 64 for Rural Development Business Programs Directors List.

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For Utilities Loan Assistance:

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USDA Rural Energy for America Program

DESCRIPTION

The Rural Energy for America Program (REAP) provides assistance to agricultural producers and rural small businesses to complete a variety of projects. Offering both loan guarantees and grants, the REAP program helps eligible applicants install renewable energy systems, such as solar panels or anaerobic digesters; make energy efficiency improvements, such as replacing irrigation pumps or ventilation systems; and conduct energy audits and feasibility studies.

REAP is comprised of the following components:

- The Renewable Energy System and Energy Efficiency Improvement Guaranteed Loan and Grant Program provides financial assistance to agricultural producers and rural small businesses to purchase, install, and construct renewable energy systems; make energy efficiency improvements; and use renewable technologies that reduce energy consumption.
- The Energy Audit and Renewable Energy Development Assistance Grant Program provides grant assistance to entities that will assist agriculture producers and small rural businesses by conducting energy audits and providing information on renewable energy development assistance.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Guaranteed loan and grant eligibility is limited to rural small businesses and agricultural producers. An agricultural producer is an individual or entity directly engaged in the production of agricultural products (crops, livestock, forestry products, hydroponics, nursery, and aquaculture) whereby 50 percent or greater of their gross income is derived from the operations. A private entity is considered a small business in accordance with the Small Business Administration's Small Business Size Standards. The lender must be eligible for the program. Lenders include federal and state-chartered banks, Farm Credit System banks, and savings and loan associations. Other lenders may be eligible if approved by USDA.

For both loan guarantees and grants, projects must meet the following conditions:

- The loan/grant must go towards the purchase of a renewable energy system or to make energy efficiency improvements;
- The technology must be commercially available and replicable;
- The project must have technical merit, as specified in Rural Development Regulation 4280 subpart B;
- A rural small business must be located in a rural area, though an agriculture producer may be located in a rural or non-rural area;
- The applicant must be the owner of the project and control the revenues, expenses, operations, and maintenance of the project;
- Sites must be controlled by the agricultural producer or small business for the financing term of any associated federal loans or loan guarantees; and,
- The project must have satisfactory sources of revenue for the life of the project that will be used for the operation, management, maintenance, and debt service.

FOR MORE INFORMATION

More information can be found online at:

<http://www.rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency>

You may also contact your state Rural Energy Coordinator:

http://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf

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USDA

The Rural Utilities Service: Electric Loan Program

DESCRIPTION

The Rural Utilities Service (RUS) Electric Loan Program provides leadership and capital to upgrade, expand, maintain, and replace America's vast rural electric infrastructure. Under the authority of the Rural Electrification Act of 1936, the electric programs make direct loans and loan guarantees to electric utilities to serve customers in rural areas. Through the electric programs, the federal government is the majority noteholder for over 600 electric systems borrowers in 46 states, serving more than 40 million customers.

The Electric Loan Program offers financing assistance through Federal Financing Bank (FFB) Guaranteed Loans. The primary differences between the programs are the qualifying criteria and the interest rate for each type of financing.

Current interest rates for these loan programs may be found on the Rates page: http://www.rurdev.usda.gov/UEP_Rates.html

ELIGIBLE ACTIVITIES AND INVESTMENTS

Loans are made to corporations, states, territories and subdivisions and agencies such as municipalities, people's utility districts, and cooperative, non-profit, limited-dividend, or mutual associations that provide retail electric service needs to rural areas or supply the power needs of distribution borrowers in rural areas.

The loans and loan guarantees finance the construction of electric distribution, transmission, and generation facilities, including system improvements and replacements required to furnish and improve electric service in rural areas. In addition, these finance instruments can be used for demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems.

In addition, please refer to The Rural Utilities Service's Energy Efficiency and Conservation Loan Program, which was launched on December 5, 2013. This program expands the types of projects that can be supported by rural cooperatives that draw on the RUS lending facility. The program allows RUS to finance:

- All energy efficiency measures on a consumer premises;
- Distributed generation for on- or off-grid renewable energy systems;
- Demand side management investments;

- Energy audits;
- Consumer education and outreach programs;
- Power factor correction equipment on the consumer side of the meter;
- Re-lamping to more energy efficient lighting;
- Other energy efficiency program investments approved by RUS residential and commercial energy audits; and,
- Community awareness and outreach programs.

FOR MORE INFORMATION

More information can be found online at:

http://www.rurdev.usda.gov/UEP_Homepage.html

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USDA

The Rural Utilities Service: Energy Efficiency & Conservation Loan Program

DESCRIPTION

In December 2013, the RUS Electric Program published the final rule for the Energy Efficiency and Conservation Loan Program. The final rule implements Section 6101 of the 2008 Farm Bill, and expands the electric program's ability to make loans for energy efficiency activities (e.g., building weatherization, HVAC upgrades, ground source heat pumps, lighting, small scale renewable generation such as solar and wind, energy audits, and soft costs).

The new regulation reduces barriers to investment in energy efficiency and promotes rural economic growth by increasing RUS borrowers' financing opportunities. Borrowers can either loan the funds to consumers or utilize them to enhance the utility system's efficiency – supporting businesses and homeowners across rural America. Not only will the efficiency upgrade funding help consumers reduce their monthly energy bills, but it will also reduce greenhouse gases and prevent climate change.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Entities new to the RUS program must be deemed eligible under the Rural Electrification Act, which was created in 1936 to bring electricity to rural areas. Once borrowers are deemed eligible, they may only borrow funds for energy efficiency activities.

Potential borrowers should reach out to General Field Representative staff or headquarters personnel for guidance on submitting an application. They will need to provide both a business plan and quality assurance plan to support the loan application. To assist with the application process, the RUS Electric Program offers webinars and information sessions with potential borrowers.

FOR MORE INFORMATION

More information can be found online at:
http://www.rurdev.usda.gov/uep_homepage.html



USDA

The Rural Utilities Service: High Energy Cost Grant Program

DESCRIPTION

The High Energy Cost Grant Program provides grants to purchase, construct, install, repair, replace, or improve energy generation, transmission, or distribution facilities in communities with extremely high energy costs that are at least 275 percent higher than the national average. On-grid and off-grid renewable energy projects, energy efficiency, and energy conservation projects are eligible.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Grants are made to states, political subdivisions of states, for-profit and non-profit businesses, cooperatives, associations, organizations, and other entities organized under the laws of states, Indian tribes, tribal entities, and individuals. The governments and entities located in any U.S. Territory/possession or other area authorized by law to receive the services and programs of the Rural Utilities Service or the Rural Electrification Act of 1936, as amended, are also eligible.

Projects must serve rural communities in which the annual average residential expenditure for home energy is at least 275 percent of the national average. Grant funds may be used to acquire, construct, extend, upgrade, or otherwise improve energy generation, transmission, or distribution facilities serving eligible communities.

All energy generation, transmission, and distribution facilities and equipment, used to provide electricity, natural gas, home heating fuels, and other energy service to eligible communities are eligible. Projects providing or improving energy services to eligible communities through on-grid and off-grid renewable energy projects, energy efficiency, and energy conservation projects are eligible.

A grant project is eligible if it improves, or maintains energy services, or reduces the costs of providing energy services to eligible communities. Grant funds may not be used to pay utility bills or to purchase fuels.

Grants may cover up to the full costs of any eligible projects subject to the statutory condition that no more than four percent of grant funds may be used for the planning and administrative expenses of the grantee.

FOR MORE INFORMATION

More information can be found online at:

http://www.rurdev.usda.gov/UEP_Homepage.html

USDA Rural Development – Rural Utilities Service, Electric Program

U.S. Department of Agriculture

Phone: (202) 720-9545

Email: energy.grants@wdc.usda.gov



USDA

The Rural Utilities Service: Rural Energy Savings Program

DESCRIPTION

The Rural Utilities Service provides Rural Energy Savings Program (RESP) loans to eligible entities that agree to, in turn, make loans to qualified consumers for the purpose of implementing energy efficiency measures. Under RESP, eligible entities will borrow funds at a zero percent interest rate from RUS and will be permitted to charge no more than a three percent interest rate to qualified consumers. These loans are made available under the authority of section 6407 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107a).

ELIGIBLE ACTIVITIES AND INVESTMENTS

Eligible energy efficiency measures funded under RESP must be for or at a property or properties served by a RESP borrower, using commercially available technologies that would allow qualified consumers to decrease their energy use or costs through cost-effective measures.

Loans made by RESP borrowers under this program may be repaid through charges added to the qualified consumer's bill for the property or properties for, or at which, energy efficiencies are or will be implemented. Loans made to the qualified consumers must be by an amount that ensures, to the maximum extent practicable, that a loan term, of not more than ten years, will not pose an undue financial burden on the qualified consumer.

Potential borrowers should reach out to General Field Representative staff or headquarters personnel for guidance on funding availability, and deadlines and procedures to submit a loan application. To assist with the application process, the RUS Electric Program offers webinars and information sessions with potential borrowers.

FOR MORE INFORMATION

More information can be found online at:
http://www.rurdev.usda.gov/uep_homepage.html



USDA Additional Local Implementation Information

ADDITIONAL USDA LOCAL IMPLEMENTATION INFORMATION

Rural Development Business Programs Directors List

http://www.rurdev.usda.gov/BCP_BI_ProgramDirectorList.html

Rural Development Business Programs Energy Branch – Energy Coordinators

http://www.rurdev.usda.gov/BCP_Energy_CoordinatorList.html

Rural Development State Offices

<http://www.rurdev.usda.gov/stateofficeaddresses.html>

Rural Electric Co-ops (Qualified Lenders)

<https://www.nreca.coop/about-electric-cooperatives/member-directory>

Energy Matrix

USDA has many programs to assist farmers, rural residents, and the nation to respond to energy-related issues and opportunities. These range from basic scientific research to the development and commercialization of new technologies. From more efficient farming techniques, wind farms, and ethanol plants to biochemical and genomics research, USDA is deeply involved in and committed to the nation's quest for energy security.

The Energy Matrix is a navigational aide. USDA's energy related programs are large in scope, and extend among many USDA agencies and mission areas. The site is available to search for alternative and affordable energy solutions, funding for projects, available programs and program information, or research and development programs and initiatives. The Energy Matrix is USDA's one-stop-shopping matrix serving the public, private businesses and the government.

USDA's Energy Matrix can be found here:

<http://www.usda.gov/energy/matrix/home>



UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

- Energy Efficient Mortgage Program
- FHA Risk Sharing
- Multifamily Housing
- Public Housing Capital Fund
- Public Housing Energy Performance Contracts
- Rehabilitation Mortgage Assistance: Section 203(k) Loans
- Section 108 Loan Guarantee Program
 - ▶ *HUD Case Study*
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HUD

Energy Efficient Mortgage Program

DESCRIPTION

The Federal Housing Administration's (FHA) Energy Efficient Mortgage program (EEM) helps homebuyers or homeowners save money on utility bills by enabling them to finance the cost of improvements that will make their home more energy efficient. The program can be used with a new or existing home, as part of a borrower's home purchase or mortgage refinance transaction.

The desired energy efficiency improvements are bundled into an "energy package" and must be cost-effective. A cost-effective energy package is one in which the cost of the improvements, including maintenance and repair, is less than the value of the energy saved over the estimated useful life of those improvements. Essentially, the financed energy package is cost effective if it pays for itself with the energy savings.

The borrower must obtain a home energy assessment. The purpose of the energy assessment is to identify opportunities for improving the energy efficiency of the home and their cost-effectiveness.

The assessment must be conducted by a qualified energy rater, assessor, or auditor using whole-home assessment standards, protocols and procedures. Qualified home energy raters/assessors must be trained and certified as one of the following:

- Building Performance Institute Building Analyst Professional
- Building Performance Institute Home Energy Professional Energy Auditor
- Residential Energy Services Network Home Energy Rater

Improvements are eligible when they are confirmed to meet the cost-effective test.

Because the financed energy package is cost-effective, borrowers do not need to income qualify for the portion of the mortgage that finances the energy package. The mortgage is underwritten as if the energy package did not exist, i.e., by using standard FHA underwriting standards, qualifying income ratios, and maximum mortgage/minimum cash investment requirements without regard to the energy package.

ELIGIBLE ACTIVITIES AND INVESTMENTS

All persons who meet the income requirements for FHA's standard Section 203(b) insurance and can make the monthly mortgage payments are eligible to apply.

EEM can be used to make energy efficient improvements in one to four unit existing and new homes. The improvements can be included in a borrower's mortgage only if their total cost is less than the total dollar value of the energy that will be saved during their useful life.

EEM can also be used with FHA's Section 203(h) program for mortgages made to victims of presidentially declared disasters. The mortgage must comply with both Section 203(h) requirements, as well as those for EEM. However, the program is limited to one unit detached houses.

Other eligibility requirements may be found in the Homeowner's Guide, available online at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/eem/eemhog96

FOR MORE INFORMATION

Visit the FHA Resource Center at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/fhare_sourcectr

Program Contact

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HUD FHA Risk Sharing

DESCRIPTION

Section 542(c) enables HUD and state and local housing finance agencies (HFAs) to provide new risk-sharing arrangements to help those agencies provide more insurance and credit for multifamily loans. A related program is the Qualified Participating Entities (QPE) Risk Sharing Program: Section 542(b).

The program provides new insurance authority independent of the National Housing Act. Section 542(c) provides credit enhancement for mortgages of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by HFAs. HUD and HFAs share in the risk of the mortgage.

The program was originally designed as a pilot to assess the feasibility of risk-sharing partnerships between HUD and qualified state and local HFAs in providing affordable housing. In 2001, Public Law 106-377, known as the FY 2001 Appropriations Act, converted the pilot program to a permanent multifamily insurance program. The unit allocation and credit subsidy obligation requirements of the demonstration program are no longer in effect.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Participating qualified state and local HFAs may originate and underwrite affordable housing loans including new construction, substantial rehabilitation, refinancing, and housing for the elderly. The program provides full FHA mortgage insurance to enhance HFA bonds to investment grade. HFAs may elect to share from 10 to 90 percent of the loss on a loan with HUD. The HFA reimburses HUD in the event of a claim pursuant to terms of the risk sharing agreement.

An HFA must be approved by HUD to participate in this program. To be eligible the HFA must: (1) carry the designation of "top tier" or its equivalent as evaluated by Standard & Poor's or another nationally recognized rating agency; or (2) receive an overall rating of "A" for the HFA for its general obligation bonds from a nationally recognized rating agency; and (3) otherwise demonstrate its capacity as a sound, well-managed agency that is experienced in financing multifamily housing; and (4) have at least five years of experience in multifamily underwriting; and (5) be a HUD-approved multifamily mortgage in good standing.

Eligible mortgagors include investors, builders, developers, public entities, and private non-profit corporations or associations may apply to a qualified HFA. Individuals, families, and property owners may be eligible for affordable housing.

FOR MORE INFORMATION

More information can be found online at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc/riskshare542c

Program Contact

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HUD

Multifamily Housing

DESCRIPTION

HUD-FHA mortgage insurance programs for multifamily properties provide long-term (35-40 years) fixed rate, fully amortizing loans for refinancing, acquisition, rehabilitation and new construction of multifamily properties. Such properties must have five or more units, each with complete kitchens and baths, offered for monthly rent for non-transient tenancy (e.g. no daily, weekly tenancy or temporary shelter).

Mortgage insurance is authorized for different circumstances under several titles of the National Housing Act as follows:

- Refinance or acquisition of existing, occupied and operating properties: Section 207/223(f);
- Refinance of already insured existing properties: Section 207/223(a)(7);
- Supplemental loans (2nd liens) for already insured properties: Section 241(a);
- New construction or substantial rehabilitation under the following:
 - Section 221(d)(4) for general occupancy
 - Section 221(d)(4) for general occupancy
 - Section 220 for general occupancy in redevelopment areas
 - Section 231 for elderly persons (62+) and non-elderly disabled (up to 25 percent of units).

Detailed information on each of these programs may be found at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdesc

Insured mortgages are available only through HUD-FHA approved lenders. Contact an approved lender for more information on specific loan requirements and how to apply. A list of approved lenders may be found at: <http://portal.hud.gov/hudportal/documents/huddoc?id=aprvlend.pdf>

ELIGIBLE ACTIVITIES AND INVESTMENTS

Energy Initiatives for HUD-FHA Mortgage Insurance Programs:

Effective May 28, 2016 all applicants for insured mortgages must meet certain energy efficiency requirements:

- Utility consumption must be benchmarked by reporting consumption data through EPA's Portfolio Manager;
- A minimum Energy Star® Score of 60 must be obtained, and if not then:
 - For new construction and gut rehabilitation- Drawings and specifications must be revised to achieve the minimum score;
 - For substantial rehabilitation (less than gut rehab)- An ASHRAE Level II Energy Audit must be obtained and cost beneficial conservation measures implemented;
 - For refinance or acquisition of existing properties- An ASHRAE Level II Energy Audit must be obtained and cost beneficial conservation measures identified. Documented savings estimated for conservation measures implemented through funded repairs and alterations will be underwritten at 75 cents for every dollar of savings.

Effective April 1, 2016, reduced mortgage insurance premiums are available for properties that meet the following requirements:

- Achievement of an industry recognized Green Standard of building performance either prior to application or as part of proposed new construction or rehabilitation;
- Separate verification of energy efficiency by means of an Energy Star® Score of 75 or better; and
- Ongoing energy efficient performance evidenced by annual submission of an Energy Star® Score of 75 or better.

Program Benefits for Borrowers:

- HUD-FHA underwrites reduced operating expense resulting from documented energy conservation measures yielding higher loan amounts based on improved net operating income of properties;
- HUD-FHA treats the cost of energy conservation measures as eligible costs of construction, rehabilitation, repairs or alterations, which may be funded from loan proceeds;
- Owners securing reductions in mortgage insurance premiums achieve a permanent reduction in the cost of borrowing which may also result in higher loan amounts resulting from improved debt service coverage;
- Owners enjoy lower energy costs, improved property performance and tenant satisfaction; and
- Owners obtaining Green Standard certification are able to use this recognition in marketing their property.

FOR MORE INFORMATION

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HUD

Public Housing Capital Fund

DESCRIPTION

The Public Housing Capital Fund is available by formula distribution for capital and management activities, including development, financing, and modernization of public housing projects, which includes:

- Improvement of energy and water-use efficiency by installing or changing fixtures and fittings;
- Integrated utility management and capital planning to maximize energy conservation and efficiency;
- Redesign, reconstruction, and reconfiguration of public housing sites and buildings (including accessibility improvements) and development of mixed-finance projects;
- Vacancy reduction;
- Addressing deferred maintenance needs and the replacement of obsolete utility systems and dwelling equipment;
- Planned code compliance, management improvements, including the establishment and initial operation of computer centers in and around public housing through a Neighborhood Networks initiative, for the purpose of enhancing self-sufficiency, employability, and economic self-reliance of public housing residents by providing them with on-site computer access and training resources;
- Demolition and replacement;
- Resident relocation;
- Capital expenditures to facilitate programs to improve the empowerment and economic self-sufficiency of public housing residents, and improve resident participation;
- Capital expenditures to improve safety and security of residents; and, homeowners activities, including programs under Section 32.

Based on Section 9, not more than 20 percent of a public housing agency's (PHA) capital funds may be used for operating expenses if the PHA's plan provides for such use. However, non-troubled PHAs that own or operate fewer than 250 units have full flexibility in how they use capital and operating funds for eligible activities under Sections 9(d)(i) and 9(e)(i).

PHAs may request HUD approval to borrow funds from the private market to make improvements to and/or develop additional public housing, by pledging a portion of their future annual Capital Fund grants to make debt service payments.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Public Housing Authorities are eligible for the Public Housing Capital Fund.

FOR MORE INFORMATION

More information can be found online at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/capfund

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HUD

Public Housing Energy Performance Contracts

DESCRIPTION

Public Housing Energy Performance Contracting (EPC) is an innovative financing technique that uses cost savings from reduced energy consumption to repay the cost of installing energy conservation measures. Normally offered by Energy Service Companies (ESCOs), this innovative financing technique allows building users to achieve energy savings without up-front capital expenses. The costs of the energy improvements are generally paid for with eligible third-party financing and paid back out of the energy savings. Other advantages include the ability to use a single contractor to do necessary energy audits and retrofit and to guarantee the energy savings from a selected series of conservation measures.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Public Housing Authorities are eligible for EPC.

FOR MORE INFORMATION

More information can be found online at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/phecc/epformance

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HUD

Rehabilitation Mortgage Assistance: Section 203(k) Loans

DESCRIPTION

The section 203(k) mortgage product enables homebuyers and homeowners to finance both the purchase of a house and the cost of its rehabilitation through a single mortgage or to finance (or refinance) the rehabilitation of their existing home.

In order to qualify for a section 203(k) mortgage, the property being financed must be at least a year old. A portion of the loan proceeds is used to pay the seller, or, in the case of a refinance, to pay off the existing mortgage, and the remaining funds are placed in an escrow account and released as rehabilitation is completed. The cost of the rehabilitation must be at least \$5,000, but the total loan value must still fall within the FHA mortgage limit for the area. The maximum loan value is determined by either (1) the value of the property before rehabilitation plus the cost of rehabilitation, or (2) 110 percent of the appraised value of the property after rehabilitation, whichever is less.

ELIGIBLE ACTIVITIES AND INVESTMENTS

The extent of the rehabilitation covered by Section 203(k) insurance may range from relatively minor (though exceeding \$5000 in cost) to virtual reconstruction: a home that has been demolished or will be razed as part of rehabilitation is eligible, for example, provided that the existing foundation system remains in place. Section 203(k) insured loans can finance the rehabilitation of the residential portion of a property that also has non-residential uses; they can also cover the conversion of a property of any size to a one- to four- unit structure.

HUD requires that properties with 203(k) loans, including streamlined (k) loans, meet certain basic energy efficiency and structural standards, such as:

- Improving the thermal efficiency of the dwelling:
 - Weather-strip all doors and windows to reduce infiltration of air when existing weather-stripping is inadequate or nonexistent;
 - Caulk or seal all openings, cracks or joints in the building envelope to reduce air infiltration;
 - Insulate all openings in exterior walls where the cavity has been exposed as a result of the rehabilitation. Insulate ceiling areas where necessary;
 - Adequately ventilate attic and crawl space areas.

- Replacement Systems:
 - Heating, ventilating, and air conditioning system supply and return pipes and ducts must be insulated whenever they run through unconditioned spaces;
 - Heating systems, burners, and air conditioning systems must be sized to be no greater than 15 percent oversized for the critical design, heating or cooling, except to satisfy the manufacturer's next closest nominal size.

The types of improvements borrowers may make using 203(k) financing include:

- Making and facilitating energy conservation improvements such as:
 - Renewable energy systems (e.g., solar, wind, geothermal, biomass),
 - Whole house wrapping and insulation,
 - Sealing ducts,
 - Energy efficient HVAC and/or appliances;
- Structural alterations and reconstruction;
- Modernization and improvements to the home's function;
- Elimination of health and safety hazards;
- Changes that improve appearance and eliminate obsolescence;
- Reconditioning or replacing plumbing; installing a well and/or septic system;
- Adding or replacing roofing, gutters, and downspouts;
- Adding or replacing floors and/or floor treatments;
- Major landscape work and site improvements; and,
- Enhancing accessibility for a disabled person.

FOR MORE INFORMATION

More information can be found online at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/203k/203k--df

Program Contact

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HUD

Section 108 Loan Guarantee Program

DESCRIPTION

The Section 108 Loan Guarantee program, the loan guarantee provision of the Community Development Block Grant (CDBG) program, is one of the most potent and important public investment tools that HUD offers to state and local governments. Section 108 allows communities to transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods.

The Section 108 program is a source of financing for economic development, housing rehabilitation, public facilities rehabilitation, construction or installation, for the benefit of low- to moderate-income persons or to aid in the prevention of slums or blight.

Security

Section 108 loans are not risk-free; the principal security for the loan guarantee is a pledge by the applicant public entity or state of its current and future CDBG funds. Additional security will also be required to assure repayment of guaranteed obligations. The additional security requirements will be determined on a case-by-case basis, but could include assets financed by the guaranteed loan.

Repayment

The maximum repayment period for a Section 108 loan guarantee is 20 years. HUD has the ability to structure the principal amortization to match the needs of the project and borrower. Each annual principal amount will have a separate interest rate associated with it.

Financing Source

Section 108 obligations are financed through underwritten public offerings. Financing between public offerings is provided through an interim lending facility established by HUD.

Interest Rates and Fees

Interest rates on interim borrowing are priced at the three month London Interbank Offered Rate (LIBOR) plus 20 basis points (0.2 percent). Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate. Additionally, all new commitments carry a fee based on the percentage of the Section 108 loan amount.

Default

To date, there has been no default under Section 108 resulting in a repayment by HUD. In the event of default requiring a payment, HUD would continue to make payments on the loan in accordance with its terms. The source of payments by HUD pursuant to its guarantee would almost always be pledged CDBG funds. However, HUD does have borrowing authority with the U.S. Treasury if the pledged funds are insufficient.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Eligible Applicants:

- Metropolitan cities and urban counties (i.e., CDBG entitlement recipients)
- Non-entitlement communities that are assisted in the submission of applications by states that administer the CDBG program
- States
- Non-entitlement communities eligible to receive CDBG funds under the HUD-Administered Small Cities CDBG program
- Insular Areas (American Samoa; Guam; Northern Mariana Islands; and the Virgin Islands)

For purposes of determining eligibility, CDBG rules and requirements apply. As with the CDBG program, all projects and activities must principally benefit low and moderate-income persons, aid in the elimination or prevention of slums and blight, or meet a community's urgent needs.

Eligible Activities:

- Economic development activities eligible under CDBG
- Acquisition of real property
- Rehabilitation of publicly owned real property
- Housing rehabilitation eligible under CDBG
- Construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements)
- Related relocation, clearance, and site improvements
- Payment of interest on the guaranteed loan and issuance costs of public offerings
- Debt service reserves
- Public works and site improvements in colonias
- In limited circumstances, housing construction as community economic development

FOR MORE INFORMATION

More information can be found online at:

<https://www.hudexchange.info/programs/section-108>

Section 108 program regulations can be found at 24 CFR 570 subpart M.

Program Contact

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HUD *Case Study*

HUD CASE STUDY: *Public Housing Authority Leverages Power Purchase Agreement for Jurisdiction-Wide Scattered Site Solar Installations*

The Denver Housing Authority (DHA) launched a public-private partnership to install solar photovoltaic systems across its portfolio of scatter site, single family residential buildings. The installations are financed through a Power Purchase Agreement (PPA) with a solar provider that enables the Public Housing Authority (PHA) to achieve solar installations with no up-front capital costs. Under the PPA, the meter holders would pay for the power generated from the installed systems, initially priced at a rate roughly comparable to the current rates. Energy savings would occur in out-years as utility rates increased beyond the energy rate specified in the PPA.

This is the first time a PHA used a PPA to achieve solar investments across an entire segment of the PHA portfolio. This model can be used by other PHAs to initiate “whole portfolio” renewable solutions. A key motivation for the project was in securing fixed and predictable long-term utility costs and purchasing energy production from a renewable source. The project began in summer 2011, when DHA, represented by Ballard Spahr, issued a competitive request for proposals to solicit a private party to install, own, and operate solar electric generation systems on the buildings. Thereafter, DHA selected a private project developer and executed a PPA and Site License Agreement.

The PPA was developed by groupings of existing multi-family properties and housing units for a large-scale solar electric project. In all, 378 systems serving 668 predominately single family residences were installed.

A significant challenge was in locating a source of capital for a renewable energy project scattered across 378 sites. To accomplish this, DHA was able to take advantage of low-cost debt financing provided through the issuance of Qualified Energy Conservation Bonds. The rates on those bonds for borrowers with strong credit are near zero percent over a 20-year term.

In addition to supporting community renewable energy objectives, the project created 40 new green jobs in Denver.



HUD

Additional Local Implementation Information

ADDITIONAL HUD LOCAL IMPLEMENTATION INFORMATION

HUD Local Offices

<http://portal.hud.gov/hudportal/HUD?src=/localoffices>

HUD Regional Office Liaisons

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UNITED STATES DEPARTMENT OF **STATE**

FEDERAL FINANCING PROGRAMS FOR **CLEAN ENERGY**

- Clean Energy Finance Facility for the Caribbean and Central America (CEFF-CCA)

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STATE

Clean Energy Finance Facility for the Caribbean and Central America (CEFF-CCA)

DESCRIPTION

The Clean Energy Finance Facility for the Caribbean and Central America (CEFF-CCA) is an innovative financing program that aims to support private-sector clean energy development in the two focal regions. The four U.S. government partners collaborating in the Facility are the U.S. Department of State, USAID, USTDA, and OPIC.

The Caribbean and Central America have abundant renewable energy resources, yet suffer from electricity shortages and high prices. The goal of the two-year program is to catalyze much-needed public and private sector investment in clean energy projects by providing grant support for early-stage project development. The Facility will help promising but undercapitalized projects address key planning and feasibility issues that are critical to successful financing and implementation.

In addition to grant support, CEFF-CCA participation has the potential to open doors to additional OPIC and USTDA support, including OPIC loans and guarantees, political risk insurance, and investment fund support. USTDA offers project development support beyond grants.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Who is eligible?

Facility funding is available to investors and project developers, and to host country public and private sector project sponsors interested in early planning support to structure bankable opportunities for implementation financing or insurance.

What types of projects are eligible?

Clean and renewable energy projects in the following categories:

- **Power Generation**

Projects involving construction and operation of renewable energy power generation facilities for connection to the national grid, local utilities, or distribution companies. Projects must use commercially proven technologies.

- **Market-Based Solutions**
Projects involving sales and distribution of small-scale clean energy systems and products that provide access, or extend the hours of access, to electricity. Examples include off-grid distributed generation systems, self-contained solar home kits, pay-as-you-go access systems, etc.
- **Renewable Energy Infrastructure Catalyzers**
Projects that introduce or expand essential infrastructure or provide additional resources to a specific market, which renewable energy sector actors may then leverage to expand renewable energy offerings to a target market. Examples include financing and leasing facilities.

CEFF-CCA support will also be considered for projects that promote energy efficiency, including: electricity grid loss mitigation and other smart grid activities, energy efficiency building solutions, and activities that mitigate the need for new power generation.

Projects must meet the following criteria:

- Have clear social and economic benefits, with processes in place to monitor and evaluate these benefits.
- Positive impact on energy access, energy security, poverty alleviation, gender inclusion, and other key considerations important to U.S. Government missions and activities in the country where the project is located.
- Support low emissions development in Central America and the Caribbean.

How can CEFF-CCA funds be used?

Funds are to be used for project development costs that are critical to the project reaching financial close (or an otherwise relevant milestone). The following is an illustrative list of permissible uses of CEFF-CCA Funds:

- Financial and technical pre-feasibility and feasibility studies
- Engineering costs associated with project design, technology assessment, and overall feasibility studies
- Legal costs for preparation of documentation related to permitting, PPAs and other power sales agreements, EPCs, O&M,[5] and financing agreements
- Costs for the preparation of environmental and social impact studies
- Costs associated with the assessment of physical and technical availability and characterization of renewable resources
- Other costs associated with consulting, engineering or legal services needed to reach financial close, to develop proof of concept or to pilot a business solution, or with scaling up of power generation, energy efficiency services, or business solutions
- Costs associated with the efforts of equity funds, bank financing programs, companies, or non-governmental organizations to identify, select, prepare and aggregate projects for funding, for the uses enumerated above, and subject to the exclusions, above and below

Projects in the following categories are not eligible for CEFF-CCA Support:

- Projects that involve renewable energy technologies unproven in commercial operations (e.g., wave technology).
- Captive power plants that introduce renewable energy for self-generation or for a single customer, without a broader developmental impact, unless it is in the context of broader scale introduction of distributed generation.
- Energy efficiency upgrades for an individual company's use (although energy efficiency consulting, financing or installation services can be considered).
- "Renewable resources" projects that do not have a primary renewable energy component (e.g., sustainable agriculture, water, forestry, etc.).
- Retrofit projects in which renewable energy sources replace traditional fossil fuel sources (although brownfield projects can be considered).
- Projects participating in bid selection processes that have not been awarded the concession or MW allocation.
- Natural gas projects.
- Nuclear power projects.

In which countries can CEFF-CCA funds be used?

- Antigua and Barbuda
- Barbados
- Belize
- Costa Rica
- Dominica
- Dominican Republic
- El Salvador
- Grenada
- Guatemala
- Haiti
- Honduras
- Jamaica
- Nicaragua
- Panama
- St. Kitts and Nevis
- St. Lucia
- St. Vincent and the Grenadines
- Trinidad and Tobago

FOR MORE INFORMATION

Email: info@ceff-cca.org

Online: www.ceff-cca.org

Program Contact

Geeta Uhl

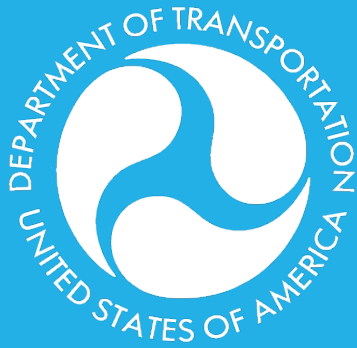
Environment Team Lead

Office of Regional Sustainable Development (RSD)

Bureau for Latin America and the Caribbean (LAC)

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UNITED STATES DEPARTMENT OF **TRANSPORTATION**

FEDERAL FINANCING PROGRAMS FOR **CLEAN ENERGY**

- Transportation Infrastructure Finance and Innovation Act Program

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DOT Transportation Infrastructure Finance and Innovation Act Program

DESCRIPTION

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA), as amended, established a federal credit program for eligible surface transportation projects of regional or national significance under which the DOT may provide three forms of credit assistance - secured (direct) loans, loan guarantees, and standby lines of credit. Credit assistance is based on a variety of factors including the project's regional or national significance, the extent to which TIFIA participation will foster innovative public-private partnerships, and the project's environmental benefits (see Chapter 5 of the TIFIA Program Guide for a complete list of evaluation criteria at: <https://www.transportation.gov/tifia/program-guide>).

The program's fundamental goal is to attract new investment capital to projects capable of generating revenues through user charges or dedicated funding sources and to complement existing funding sources by filling market gaps; thereby, leveraging substantial private capital for critical improvements to the nation's surface transportation system.

DOT awards credit assistance to eligible applicants, which include state departments of transportation, transit operators, special authorities, local governments, special districts, and private entities or consortia that may include companies specializing in engineering, construction, materials, and/or the operation of transportation facilities.

The interest rate on a TIFIA loan is equal to the rate on U.S. Treasury securities of similar maturity on the day of loan closing. The line of credit interest rate is equal to the 30-year Treasury rate, and the rate on guaranteed loans is subject to negotiation between borrower and lender and approval by DOT.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Eligible projects include highway, transit, passenger rail, intercity bus vehicles and facilities, certain port facilities, surface transportation facilities at airports, rural infrastructure projects, transit oriented development projects (TOD), and any other type of project that is eligible for grant assistance under title 23 or Chapter 53 of Title 49 of the United States Code.

Additionally, under the recently enacted Fixing America's Surface Transportation Act, TIFIA credit assistance may be used to capitalize State Infrastructure Banks to fund rural infrastructure projects.

To qualify for TIFIA assistance, a project must meet the following criteria:

- The project must have reasonably anticipated eligible project costs of at least \$50 million (intelligent transportation system projects have a \$15 million minimum and at least \$10 million for transit-oriented development, local, and rural projects);
- The TIFIA loan amount cannot exceed 33 percent of reasonably anticipated eligible project costs (unless the sponsor provides a compelling justification for up to 49 percent);
- Federal funding, including the TIFIA loan amount, cannot exceed 80 percent of reasonably anticipated eligible project costs;
- Senior debt obligations must receive an investment grade rating;
- The project must have a dedicated revenue source to pledge as repayment; and
- The project must be included in the relevant state's transportation planning and programming cycle.

FOR MORE INFORMATION

More information can be found online at:

<https://www.transportation.gov/tifia/program-guide> or by contacting the Department of Transportation's TIFIA Office at (202) 366-1059

Case studies can be found online at:

<https://www.transportation.gov/tifia/projects-financed>

Program Contact

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UNITED STATES DEPARTMENT OF THE **TREASURY**

FEDERAL FINANCING PROGRAMS FOR **CLEAN ENERGY**

- New Markets Tax Credits
- Qualified Energy Conservation Bonds

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TREASURY

New Markets Tax Credits

DESCRIPTION

The New Markets Tax Credit (NMTC) Program helps small and medium-sized businesses in low-income communities access financing that is flexible and affordable. The tax credits attract capital investments in Community Development Entities (CDEs), which are certified intermediaries that can then invest in projects. Financing from CDEs can apply to a wide range of projects, including housing developments, renewable energy installations, and facilities that provide community services.

The NMTCs are distributed in a competitive process to CDEs that propose specific types of projects for financing. CDEs that receive NMTCs use their authority to offer tax credits to investors in exchange for equity in the CDE. The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.

With these capital investments, CDEs can make loans and investments to businesses operating in distressed areas that have better rates and terms and more flexible features than the market. Terms can include lower interest rates, flexible provisions such as subordinated debt, lower origination fees, higher loan-to-values, lower debt coverage and longer maturity.

The Community Development Financial Institutions (CDFI) Fund facilitates access to the New Markets Tax Credit by posting online a Qualified Equity Investment report that lists CDEs with unused allocations, including the name and contact information for the person at each CDE.

ELIGIBLE ACTIVITIES AND INVESTMENTS

NMTCs can be used for a wide range of projects, including projects that have environmentally sustainable outcomes in low-income communities. For example, NMTCs may be used to finance the construction or retrofit of buildings that meet the community outcomes described in the NMTC Application such as reduction in energy or water use by the business or tenants; and/or finance businesses producing and/or distributing renewable energy resources (e.g., biomass, hydro, geothermal, solar, wind).

Entities certified as CDEs that received NMTC are listed in the NMTC Program Allocatees States Served page here:

<https://www.cdfifund.gov/awards/nmtc/Pages/default.aspx>

Click on the state where the project is located and that will take you to a list of CDEs that serve that state. Each CDE name provides a link to that CDE's organizational profile.

While some CDEs make equity investments in qualifying projects across the country, most focus on specific communities. In addition to the many low-income census tracts in metropolitan areas, there are nearly 6,500 census tracts in non-metropolitan areas in which New Markets Tax Credits can be used. By law, the CDFI Program must allocate NMTCs proportionally to non-metropolitan areas. The CDFI Program provides mapping software to explore specific census tracts for which investments can qualify for New Market Tax Credits.

FOR MORE INFORMATION

More information can be found online on the New Markets Tax Credit page: <https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx>

State Reports on CDFIs and New Markets Tax Credits Allocates: http://www.cdfifund.gov/impact_we_make/state_reports.asp

Program Contact

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TREASURY

Qualified Energy Conservation Bonds

DESCRIPTION

A Qualified Energy Conservation Bond (QECB) is a bond that enables qualified state, tribal, and local government issuers to borrow money at attractive rates to fund energy conservation projects. A QECB is among the lowest-cost public financing tools because the U.S. Department of Treasury provides a tax benefit to offset the issuer's borrowing costs.

The government entities that have received QECBs allocated by the federal government have some options for structuring the offerings. The most common is a direct payment bond, which means bond issuers may receive payments from U.S. Treasury as a portion of their interest payments. Like Build America Bonds, QECBs are taxable bonds. This means that investors must pay federal taxes on QECB interest they receive.

Congress authorized \$3.2 billion of QECB issuance capacity to be allocated to states, local governments and tribal governments based upon population. Although all of the QECBs have been allocated, most of these bonds remain available to state, local, and tribal entities that have not yet issued them to fund specific projects or programs.

ELIGIBLE ACTIVITIES AND INVESTMENTS

QECB proceeds can be used to fund certain expenditures on a variety of projects including:

- Reducing energy consumption in publicly owned buildings by at least 20 percent;
- Implementing green community programs (including loans, grants, or other repayment mechanisms), such as efficient street lighting replacements and loan programs for residential energy efficiency improvements;
- Developing rural capacity, specifically involving the production of electricity from renewable energy resources;
- Supporting energy-related research facilities and grants;
- Implementing mass commuting and related facilities that reduce energy consumption and pollution;
- Designing/running demonstration projects to promote the commercialization of energy-related technologies and processes; and,
- Implementing public education campaigns to promote energy efficiency.

The Treasury Department published Notice 2012-44 and 2012-28 IRB 45 in 2012 to clarify certain eligible activities: <http://www.irs.gov/pub/irs-drop/n-12-44.pdf>

FOR MORE INFORMATION

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

- Clean Water State Revolving Fund
 - ▶ *CWSRF Case Study*
- Drinking Water State Revolving Fund
 - ▶ *DWSRF Case Study*

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EPA Clean Water State Revolving Fund

DESCRIPTION

Clean Water State Revolving Fund (CWSRF) programs support water quality protection projects for wastewater treatment, nonpoint source pollution control, and watershed and estuary management.

Through the CWSRF program, each state and Puerto Rico maintain revolving loan funds to provide independent and permanent sources of low-cost financing for a wide range of water quality infrastructure projects. Funds to establish or capitalize the CWSRF programs are provided through federal government grants and state matching funds (equal to 20 percent of federal government grants). Today, all 50 states and Puerto Rico are operating successful CWSRF programs.

CWSRF programs operate much like environmental infrastructure banks that are capitalized with federal and state contributions. CWSRF monies are loaned to communities and loan repayments are recycled back into the program to fund additional water quality protection projects. The revolving nature of these programs provides for an ongoing funding source that will last far into the future. Key features of the program include:

- **Low Interest Rates, Flexible Terms**
Nationally, interest rates for CWSRF loans average 1.7 percent, compared to market rates that average 3.8 percent. For a CWSRF program offering this rate on a 30-year loan, a CWSRF funded project would cost 24 percent less than projects funded at the market rate. CWSRFs can fund 100 percent of the project cost and provide flexible repayment terms up to 30 years.
- **Assistance to a Variety of Borrowers**
The CWSRF program has assisted a range of borrowers including municipalities, communities of all sizes, farmers, homeowners, conservation districts, and non-profit organizations.
- **Partnerships with Other Funding Sources**
CWSRFs partner with banks, non-profits, local governments, and other federal and state agencies to provide the best water quality financing source for their communities.
- **Additional Subsidy**
In recent years, a portion of each state's CWSRF federal capitalization grant has been provided in the form of principal forgiveness, grants, or negative interest loans.

- **Green Project Reserve**
In recent years, to the extent eligible projects are available, a portion of each state's federal capitalization grant has been provided to green infrastructure, energy efficiency, water efficiency, and other environmentally innovative projects.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Under the CWSRF, states have a wide range of options. States may choose from a variety of assistance options, including loans, refinancing, purchasing, or guaranteeing local debt and purchasing bond insurance. States can also set specific loan terms, including interest rates—from zero percent to market rate—and repayment periods up to 30 years. States have the flexibility to target resources to their particular environmental needs, including contaminated runoff from urban and agricultural areas, wetlands restoration, groundwater protection, brownfields remediation, estuary management, and wastewater treatment.

The CWSRF program has three broad project eligibilities: publicly owned wastewater treatment works defined in Section 212 of the Clean Water Act (CWA), publicly or privately owned projects that implement nonpoint source management programs established under Section 319, and the development and implementation of an estuary conservation and management plan under Section 320 of the CWA. Under these broad eligibilities, states have a great deal of flexibility to fund a wide range of water quality projects.

States may also customize loan terms to meet the needs of small and disadvantaged communities. In 2015, 64 percent of all loans (20 percent of funding) went for projects serving populations of less than 10,000. In addition, some states provide specialized assistance for communities that are disadvantaged or experiencing financial hardship. These states might offer lower or no-interest loans, principal forgiveness, or grants to provide greater subsidies for disadvantaged communities.

FOR MORE INFORMATION

More information can be found online at: <http://www.epa.gov/cwsrf>

Clean Water State Revolving Fund Regional and State Contacts
http://water.epa.gov/grants_funding/cwsrf/contacts.cfm

Program Contact

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EPA *CWSRF Case Study*

CWSRF CASE STUDY: *Struthers Water Pollution Control Facility Powers Up with Methane Gas*

The City of Struthers received \$5.4 million in American Recovery and Reinvestment Act (ARRA) funding from the Ohio Environmental Protection Agency's Clean Water State Revolving Fund program for a project that will use methane gas produced at the Struthers Water Pollution Control Facility to power unit treatment processes and significantly offset the facility's energy footprint. The project received ARRA Green Project Reserve (GPR) funding under the Energy Efficiency category, and the entire amount of loan principal will be forgiven.

The Struthers Water Pollution Control Facility serves a population of over 25,000 people in the cities of Struthers and Poland and portions of Boardman Township, and treats an average of 4.5 million gallons of wastewater per day. Anaerobic digestion generates approximately 94.9 thousand cubic feet of methane gas per day as a by-product of the treatment process, some of which was already being used to generate the heat required for the sludge treatment process, offsetting some of its natural gas consumption. However, the excess methane was being flared off into the atmosphere. The ARRA-funded project allows Struthers to make use of this energy source to provide power for the treatment facility's operations through the implementation of a combined heat and power (CHP) system.

The City of Struthers took advantage of ARRA funding to capitalize on the opportunity to significantly reduce its energy footprint and realize substantial operating cost savings. The project is anticipated to save Struthers and nearby Mahoning County, which subsidizes 64.5 percent of the cost of treating flows from unincorporated areas, about \$17,000 per month in electricity costs and \$9,000 per month in natural gas costs – over \$300,000 in annual energy cost savings. At the same time, the facility's carbon footprint will be significantly reduced. Methane is a potent greenhouse gas capable of trapping 20 times more heat in the atmosphere than carbon dioxide, which makes CHP technology an attractive energy option for wastewater treatment facilities as it extracts methane gas out of waste, keeping it out of the open air environment. The energy that it produces is considered carbon neutral. A CHP system can produce green power at costs below the retail market rate and enhance the reliability of a facility's power source.

ARRA funds were used to construct a filtered methane cogeneration system designed to capture and utilize the excess methane gas to generate electricity and heat for the treatment facility. This project incorporates two 500 kW methane gas generators that will be sufficient to supply between 60 to 70 percent of the treatment facility's power demand. A sludge thickener and upgrades to the gas compressor will make additional methane gas available for conversion. Two buildings were constructed to house the methane gas generators and the sludge thickener. Struthers' utility managers hope to eventually power 100 percent of the facility with CHP technology. In all, this project will increase the volume of volatile solids destruction by at least 30 percent, and the total amount of methane that will be captured will be sufficient to generate approximately 1000 kWh of electricity per day.

At a groundbreaking ceremony held on June 4, 2010 for the Struthers Water Pollution Control Facility CHP project, County Commissioner Anthony Traficanti commented, "This project saves the county and city hundreds of thousands of dollars in operating, maintenance, and utility costs." Indeed, the financial assistance afforded to the city of Struthers through ARRA has not only provided a financial benefit, but it created between 30 and 40 jobs, and set a precedent for other green projects in the future in Struthers.

For more information please contact the Ohio Water Pollution Control Loan Fund Program: http://www.epa.ohio.gov/defa/wpclf_new.aspx



EPA Drinking Water State Revolving Fund

DESCRIPTION

Drinking Water State Revolving Fund (DWSRF) programs support the most urgent drinking water-related public health needs from source to tap, focusing on projects that provide communities with the greatest public health improvement. The program also emphasizes providing funds to small and disadvantaged communities and to programs that encourage pollution prevention as a tool for ensuring safe drinking water.

Through the DWSRF program, each state and Puerto Rico maintain revolving loan funds to provide independent and permanent sources of low-cost financing for a wide range of public health protection projects. Funds to establish or capitalize the DWSRF programs are provided through federal government grants and state matching funds (equal to 20 percent of federal government grants). Today, all 50 states and Puerto Rico are operating successful DWSRF programs.

DWSRF programs operate much like environmental infrastructure banks that are capitalized with federal and state contributions. DWSRF monies are loaned to communities and loan repayments are recycled back into the program to fund additional public health protection projects. The revolving nature of these programs provides for an ongoing funding source that will last far into the future. Key features of the program include:

- **Low Interest Rates, Flexible Terms**
DWSRF programs subsidize projects to improve affordability for borrowers. Many borrowers receive loans with interest rates below market rates, some as low as zero percent. In 2015, the DWSRF offered an average interest rate of 1.7 percent versus the market rate of 3.8 percent. DWSRF programs can fund 100 percent of the planning design, and construction cost and provide flexible repayment terms up to 30 years for disadvantaged communities.
- **Optional Set-Asides**
Unique to the DWSRF, states can set aside a portion of their capitalization grants (up to 31 percent) to support activities that are necessary to ensure the availability of safe and affordable drinking water. Activities can include assisting water systems that are applying for DWSRF loans, strengthening and sustaining state drinking water programs, improving source water protection, providing direct technical assistance to small water systems, and even conducting water and energy efficiency audits.

- **Transfer Authority**
A state may transfer an amount equal to 33 percent of the DWSRF capitalization grant between the CWSRF to the DWSRF programs.
- **Additional Subsidy**
In recent years, a portion of each state's DWSRF federal capitalization grant has been provided in the form of principal forgiveness, grants, or negative interest loans.
- **Green Project Reserve (GPR)**
In recent years, to the extent eligible projects are available, a portion of each state's federal capitalization grant has been provided to water efficiency, energy efficiency, green infrastructure, and other environmentally innovative projects. Currently, funding the GPR is discretionary for the DWSRF programs. Projects typically include energy efficiency upgrades and water loss reduction.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Under the DWSRF, states have a wide range of options. States may choose from a variety of assistance options, including loans, refinancing, purchasing, or guaranteeing local debt and purchasing bond insurance. States can also set specific loan terms, including interest rates—from zero percent to market rate—and repayment periods up to 30 years for disadvantaged communities.

States have the flexibility to target resources to their particular public health needs within three broad project priorities: public health protection; compliance with drinking water standards; and affordable access to drinking water. Each state prepares an Intended Use Plan (IUP) in its annual application for a capitalization grant. In the IUP, the state will list all the potential projects they plan to fund, and rank them in priority order through a scoring system that they develop based on the three broad program eligibilities. Bypass procedures are also put in place for those projects not ready to proceed to construction.

States have a goal of providing 15 percent of the fund to small systems. In 2015, 71 percent of all loans (30 percent of funding) were made to communities with populations less than 10,001. In addition, some states provide specialized assistance for communities that are disadvantaged or experience financial hardship. These states might offer lower or no-interest loans, principal forgiveness, or grants to provide greater subsidies for disadvantaged communities, as well as 30 year loan terms.

FOR MORE INFORMATION

More information can be found online at: www.epa.gov/drinkingwatersrf

Drinking Water State Revolving Fund Program Operations Manual:
<http://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P1007ZKN.txt>

Program Contact

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EPA *DWSRF Case Study*

DWSRF CASE STUDY: *Drinking Water State Revolving Fund* *“Protecting the Planet and Pocketbook”*

Two EPA-funded projects at a Wilmington, Delaware water filtration plant are reducing the equivalent of 71 cars worth of greenhouse gases, generating nearly 500,000 kWh in annual energy savings and cutting costs by \$876,000 a year.

The projects were funded through the Delaware Department of Health and Social Services with nearly \$9 million in low-interest loans from EPA’s Drinking Water State Revolving Fund, half of which did not require repayment.

The improvements at the Porter Street Water Filtration Plant include the installation of rows of solar panels and the placement of a new pump station to reduce costs associated with drawing raw water for processing.

The solar panels, or photovoltaic arrays, provide power through the plant’s electrical distribution network. The green energy cuts greenhouse gases by almost 400 metric tons each year and generates an average of \$116,368 in annual savings through reduced electric costs and the sale of solar credits.

The new “low head” pump station allows the plant to draw a full complement of water – not just the top four million gallons – from its onsite 36 million gallon raw water reservoir. When it could only skim the top layer, the plant was forced to continually pump water to the reservoir from the Brandywine River during the day – when electric rates are the highest – to keep up with drinking water demand.

The projects demonstrate how a community can make a difference with both offsetting its greenhouse gas emissions and reducing ratepayer costs. In a March 2016 analysis of the two projects, the Kash Srinivasan Group reported that, “the results to date have met the operational and financial performance expectations.”



UNITED STATES SMALL BUSINESS ADMINISTRATION

FEDERAL FINANCING PROGRAMS FOR CLEAN ENERGY

- 7(A) Loan Program
- 504 Loan Program
- Small Business Investment Company
 - ▶ *SBA Case Study*

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SBA 7(A) Loan Program

DESCRIPTION

SBA's 7(a) loan guaranty program is named after Section 7(a) of the Small Business Act of 1953, which authorizes SBA to provide business loans to American small businesses. Proceeds from 7(a) loans may generally be used to establish a new business or to assist in the operation, acquisition, or expansion of an existing business. Specific uses include the acquisition of land (by purchase or lease); site improvements; the purchase, conversion, expansion, or renovation of one or more existing buildings; the construction of one or more new buildings; the acquisition or installation of fixed assets; to purchase inventory, supplies, and raw materials; to finance working capital; and to refinance certain outstanding debts.

ELIGIBLE ACTIVITIES AND INVESTMENTS

SBA generally does not specify what businesses are eligible. Rather, the agency outlines what businesses are not eligible. However, there are some universally applicable requirements. To be eligible for assistance, businesses must:

- Operate for profit;
- Be small, as defined by SBA;
- Be engaged in, or propose to do business in, the United States or its possessions;
- Have reasonable invested equity;
- Use alternative financial resources, including personal assets, before seeking financial assistance;
- Be able to demonstrate a need for the loan proceeds;
- Use the funds for a sound business purpose; and,
- Not be delinquent on any existing debt obligations to the U.S. government.

If you are awarded a 7(a) loan, you can use the loan proceeds to help finance a large variety of business purposes. However, there are a few restrictions. For example, proceeds can't be used to buy an asset to hold for its potential increased value or to reimburse an owner for the money they previously put into their business.

Basic uses for 7(a) loan proceeds include:

- To provide long-term working capital to use to pay operational expenses, accounts payable and/or to purchase inventory;

- Short-term working capital needs, including seasonal financing, contract performance, construction financing and exporting;
- Revolving funds based on the value of existing inventory and receivables, under special conditions;
- To purchase equipment, machinery, furniture, fixtures, supplies or materials;
- To purchase real estate, including land and buildings;
- To construct a new building or renovate an existing building;
- To establish a new business or assist in the acquisition, operation or expansion of an existing business; and,
- To refinance existing business debt, under certain conditions.

SBA loans cannot be used for these purposes:

- To refinance existing debt where the lender is in a position to sustain a loss and SBA would take over that loss through refinancing;
- To affect a partial change of business ownership or a change that will not benefit the business;
- To permit the reimbursement of funds owed to any owner, including any equity injection or injection of capital to continue the business until the SBA-backed loan is disbursed;
- To repay delinquent state or federal withholding taxes or other funds that should be held in trust or escrow; or,
- For a purpose that is not considered to be a sound business purpose as determined by SBA.

If you are unsure whether or not your anticipated use of funds is allowed, check with your SBA-approved lender:

Qualified SBA Lenders

<http://www.sba.gov/category/lender-navigation/search-sba-lenders?select=proximity>

FOR MORE INFORMATION

More information can be found online at:

<http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/7a-loan-program>

Program Contact

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SBA 504 Loan Program

DESCRIPTION

The Certified Development Company (CDC)/504 Loan Program provides financing for major fixed assets such as equipment or real estate. It can be used to finance construction of new facilities or to modernize, renovate, or convert existing facilities. Energy efficiency upgrades to buildings or manufacturing facilities are eligible projects.

ELIGIBLE ACTIVITIES AND INVESTMENTS

To be considered for a CDC/504 loan applicants must meet certain eligibility requirements. Applicants must:

- Operate as a for-profit company;
- Do business (or propose to) in the United States or its possessions;
- Have a tangible net worth less than \$15 million and an average net income less than \$5.0 million after taxes for the preceding two years;
- Not engage in speculation or investment in rental real estate;
- Be an eligible type of business (see <http://www.sba.gov/content/sba-financial-assistance-eligibility> for eligibility descriptions);
- Use proceeds for an approved purpose (see <http://www.sba.gov/content/sba-financial-assistance-eligibility> for approved purposes);
- Not have funds available from other sources (SBA does not extend financial assistance to businesses when the financial strength of the individual owners or the company itself is sufficient to provide all or part of the financing);
- Be able to repay the loan on time from the projected operating cash flow of the business;
- Meet character requirements, based upon responses to a "Statement of Personal History" from the principals of each applicant firm, which is meant to gather information concerning historical willingness and ability to pay debts and to abide by the laws of their community;
- Have relevant management expertise; and,
- Present a feasible business plan.

A 504 loan can be used for:

- The construction of new facilities or modernizing, renovating or converting existing facilities;
- The purchase of long-term machinery and equipment;

- The purchase of land, including existing buildings;
- The purchase of improvements, including grading, street improvements, utilities, parking lots and landscaping; or
- Limited debt refinancing.

A 504 loan cannot be used for:

- Working capital or inventory; or
- Speculation or investment in rental real estate.

FOR MORE INFORMATION

More information can be found online at:

<http://www.sba.gov/category/navigation-structure/loans-grants/small-business-loans/sba-loan-programs/real-estate-and-eq>

Program Contact

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SBA Small Business Investment Company

DESCRIPTION

The Small Business Investment Company (SBIC) Program is one of many financial assistance programs available through the SBA. The structure of the program is unique in that SBICs are privately owned and managed investment funds, licensed and regulated by SBA, that use their own capital plus funds borrowed with an SBA guarantee to make equity and debt investments in qualifying small businesses. The SBA does not invest directly into small business through the SBIC Program.

There are over 300 licensed SBICs in operation today. SBICs pursue investments in a broad range of industries and geographies. Some SBICs invest in a particular field or industry in which their management has expertise, while others invest more generally.

The SBIC program currently offers its licensees access to debt capital with a ten-year maturity and semi-annual interest payments. The structure of this financing means that most SBICs focus primarily on providing small businesses with debt or debt with equity features. SBICs will typically focus on companies that are mature enough to make current interest payments on the investment so that, in turn, the SBIC can meet its interest obligations to the SBA.

ELIGIBLE ACTIVITIES AND INVESTMENTS

Only companies defined by SBA as “small” are eligible for SBIC financing. Generally, the SBIC Program defines a company as “small” when its net worth is \$19.5 million or less and its average after tax net income for the prior two years does not exceed \$6.5 million. All of the company’s subsidiaries, parent companies and affiliates are considered in determining the size standard and for certain industries alternative size standards may apply. Details regarding regulatory size limitations are included in the Small Business Size Regulations, which can be found online at: <http://www.sba.gov/content/small-business-size-regulations>.

SBICs may not invest in: other SBICs, finance and investment companies or finance-type leasing companies, unimproved real estate, companies with less than 51 percent of their assets and employees in the United States, passive or casual businesses (those not engaged in a regular and continuous business operation); companies which will use the proceeds to acquire farm land; or small concerns whose primary business activity is deemed contrary to the public interest.

FOR MORE INFORMATION

More information can be found online at:

http://www.sba.gov/sites/default/files/Program%20Overview%20-%20FY%202013_0.pdf

Small Business Investment Company Directory:

<http://www.sba.gov/content/all-sbic-licensees-state>

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SBA Case Study

SBA CASE STUDY: *Denver Small Business Utilizes Certified Development Company (CDC)/504 Loan Program to Finance an Energy Efficient New Corporate Office*

In September 2013 Rocky Mountain Excavating, Inc. (RME) utilized the SBA CDC/504 Loan program to finance its expansion into a new energy efficient building in Castle Rock, CO. RME is a service-disabled-veteran-owned small business (SDVOSB) and certified 8(a) company, that provides general contracting, construction management, and design-build services throughout Colorado, New Mexico, Wyoming, and the entire Rocky Mountain region. Community Economic Development Company of Colorado (CEDCO) was the CDC that helped RME finance this project. CDCs are non-profit corporations certified and regulated by the SBA that work with participating lenders to provide financing to small businesses. The project was financed by Vectra Bank Colorado.

RME's construction costs were slightly higher than a traditionally built building, but they expect to recover the cost of their energy efficiency improvements by saving over 20 percent on energy costs compared to similar facilities. Some examples of energy efficiency and sustainability measures RME utilized include:

- Additional interior and exterior insulation;
- Energy efficient Low-E windows and window films;
- Heat resistant window shades;
- Lighting and controls strategies designed with energy efficiency in mind;
- Energy efficient HVAC equipment;
- Recycled materials, including asphalt and concrete; and,
- Maintenance shop heated by a secondary high-efficiency recycled oil unit that is so efficient the main heater almost never runs.

The 504 Loan that RME utilized is an SBA financing program established to target companies in their growth cycle to create jobs, expand the tax base, and improve American communities. 504 Loans provide long-term fixed asset financing to small businesses for the purchase or improvement of land, buildings, and major equipment purchases, in an effort to facilitate the creation of jobs and local economic development.

A 504 loan can be used for:

- The purchase of land, including existing buildings;
- The purchase of improvements, including grading, street improvements, utilities, parking lots and landscaping;
- The construction of new facilities or modernizing, renovating or converting existing facilities; and
- The purchase of long-term machinery and equipment.

SBA and DOE are currently collaborating on a project with Argonne National Laboratory and the National Renewable Energy Laboratory to help small businesses more effectively utilize SBA Loan Programs for energy efficiency projects.

For more information:

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For more information about utilizing SBA's 504 Loan Program for energy efficiency, please visit your local SBA District Office at: <http://www.sba.gov/tools/local-assistance/districtoffices> or Small Business Development Center at <http://www.sba.gov/tools/local-assistance/sbdc>

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