

# Wisconsin State Energy Program – Recovery Act (SEP-ARRA) Clean Energy Business Loan Program November 11, 2009



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## State Energy Program – Recovery Act (SEP-ARRA) Clean Energy Business Loan Program - Overview

- The American Recovery and Reinvestment Act of 2009 provides significant funding for clean energy initiatives. Among them is the State Energy Program, which provides for **\$3.1 Billion** in funding to states to address energy priorities and to adopt emerging renewable energy and energy-efficient technologies. This initiative is a key part of the Obama Administration's national strategy to support job growth, while making a historic down payment on clean energy and conservation.
- **Wisconsin's Share of this Funding:** Approx. \$55 million

# State Energy Program – Recovery Act (SEP-ARRA) Clean Energy Business Loan Program - Overview

- Wisconsin will strategically deploy \$55 million in SEP-ARRA funds to support clean energy business development.
  - Governor Doyle has directed that projects funded from SEP-ARRA dollars are both effective and enduring.
  - Creation of jobs in the short term is the immediate goal of SEP-ARRA; but, in addition, the program goals are to invest in projects that will ensure not only short-term job creation, but development of businesses that will create clean energy jobs for decades.
  - Manufacturing is a critical industry in Wisconsin, which leads the U.S. in percentage of non-farm employment.
  - \$28 million currently available as a “first installment”. \$27 million to be made available after successful deployment of initial funding.
  - Funds to be made available as low interest loans to eligible projects

## Eligible SEP Applicants/Projects

- The SEP program will target low-interest loans to businesses that promote:
  - major renewable energy production projects;
  - the manufacture of clean energy products;
  - advanced manufacturing of clean energy components;
  - retooling to provide component parts and other critical needs for a successful, totally integrated supply chain;
  - improving industrial users' competitiveness through energy efficiency and renewable energy deployment.
  
- A key objective with SEP-ARRA funds is to leverage private sector investment.

## Eligible SEP Applicants/Projects

- Eligible SEP-ARRA loan recipients are for-profit manufacturing businesses (as classified under sec. 70.995(2) Wis. Stats) locating or expanding in Wisconsin.
  
- Eligible projects
  - Job creation and retention through clean energy advanced manufacturing
  - Job creation and retention through clean energy supply chain development
  - Job creation and retention through industrial facilities reduction of fossil fuel use
    - Up to \$5 million earmarked for cheese producers (e.g. anaerobic digestion of whey containing waste water)

## Application Process

- SEP-ARRA funds will be processed and awarded competitively on a continuous first come, first served basis. There are essentially two options for seeking funding:
  - Contact the [Commerce Area Development Manager \(ADM\)](#) A listing of ADM representatives is provided at <http://www.commerce.wi.gov/BD/BD-AreaDevManagers.html>
  - Complete the [Request for Qualification](#) prescreen and email as an attachment to [comsep-arr@wisconsin.gov](mailto:comsep-arr@wisconsin.gov).

## Application Process

- Projects will be promptly evaluated, and those that appear to meet initial eligibility guidelines and preliminary underwriting thresholds will be invited to submit a complete application for review, to include a complete business plan and detailed financials.
- Full and complete applications received through either option will be reviewed and underwritten by Commerce loan officers to determine a funding recommendation.
  - Submitting a complete application for review does not guarantee funding, or the level of funding requested.
  - Expectation is demand for funds to far outweigh available resources.

# Underwriting Guidelines and Selection Criteria

- Commerce staff will underwrite projects using [standard capital financing guidelines.](#)
  - Viability
  - Job Creation
  - Wages/Benefits
  - Total Company Investment In WI
  - Targeted Business/Hires/Location
  - Community Benefit
  - Competition

## Underwriting Guidelines and Selection Criteria

- In addition, SEP-ARRA prospects will be evaluated based on the impact of energy savings and energy production potential.
- Also, SEP program is required by the Department of Energy to calculate greenhouse gas emissions reductions from all three previously referenced categories of projects.
  - <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>

# Loan Terms and Conditions

## Interest Rate

- 2% fixed for the entire term of the loan

## Term

- Equipment: 5 to 10 years
- Working Capital: 5 to 7 years

## Amount

- No max or min, but typically will not exceed 25% of project costs

## Other Terms

- Specific collateral requirements
- Personal guarantees (individuals with  $\geq 20\%$  ownership)

## Frequently Asked Questions

- Deadlines
- Eligibility
- Project Status
- Grant versus Loan Funding
- Application process timing
- Funding timing from approval date
- Specific eligible uses of funds



# Wisconsin's Industrial Focus on Energy Program



## Program Mission

Promote energy efficiency in Wisconsin by supporting energy efficiency projects that....  
**otherwise would not be completed**

## This is YOUR program

- Funding comes from your utility payments
  - (average ~1.2% of rates)
- Why It Works (cost effectiveness)
- The cost to “free-up” a kW through energy efficiency is less than the cost to build new production capacity.
- If you utilize the program as it is intended to be used you are helping your community.

## Win-Win-Win

- Win for ratepayers: keeps rates as low as possible
- Win for Wisconsin economy: keeps dollars in the state
- Win for Wisconsin businesses: Increases margins and infrastructure

## How Does it Work?

- Incentives
  - Prescriptive / Custom
  - Special offerings
    - (\$250,000/project , \$500,000/year)
- Technical Support
  - Energy Advisors
- Education/Training

## Prescriptive Incentives

Can be applied for after project is complete

Simply attach invoice and mail in with  
completed application

- **Lighting**
- **Compressed air studies**
- **Compressed air leak detection**
- **VSD Air compressors**
- **Premium Efficient Motors**
- **VFD pump / fan**

- **EE Repulper Rotors**
- **EE burner inserts**
- **Steam Trap Survey/Repair**
- **Boiler Combustion Mngmt**
- **Boiler / Chiller tune-up**
- **EE heater Bands for Plastic injection molding**

## Custom Incentives

Must be approved BEFORE project begins

Must work with a Focus advisor

- Up to 6¢ / kWh and \$200 / kW (on first year savings)
- Up to 60¢ / therm (on first year savings)
- For projects with payback between 1.5 and 4 years
- Up to 30% of project cost paid for (many projects reach 30%)
- Cap of \$250,000 per project; \$500,000 per company per year

# Feasibility Study Incentives

**...help you quantify savings opportunities**

- Up to **50%** of study cost, max of **\$7,500** (larger grants possible for larger studies)
- Prescriptive incentives available for compressed air studies
- Metering projects may qualify

## Technical Support

- Energy Advisors
  - Located throughout state
  - Provide Unbiased review of projects
  - Assist with application process

## Technical Support

### Practical Energy Management© Tool

- Establish and enhance Energy Management Teams
- Best Practice savings estimation tools
- Energy Management program tools

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## Best Practice Classes

- Practical Energy Management
- Compressed Air Systems
- Refrigeration
- Ventilation
- Steam Systems
- Lighting
- Pumping Systems
- Fan Systems

**To register, go to: [www.focusonenergy.com](http://www.focusonenergy.com)**

## Sector-Specific Assistance

- Energy Guidebooks
  - Pulp & Paper
  - Metalcasting
  - Plastics
  - Dairy/Food Processing
  - Water/Waste water
- Management Best Practices
- Technical Best Practices
- Developed by industry experts
- Emerging technology assistance



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# Thank you!