

| 7 - FINANCIAL RESOURCES

Overview

This section outlines the financial resources available for energy plan development and implementation. In order to understand the economics of clean energy projects, it is critical to first understand the incentives that apply to clean energy installations. Energy planners should be familiar with available incentives, who and what technologies are eligible, and how incentives work. It's important to recognize that different incentives encourage project technology, ownership, and system size. The trick is to maximize incentives while meeting community project goals.

The following chart outlines different funding mechanisms that are worth evaluating for energy plan development and clean energy projects. Tribes are eligible for all of the opportunities listed in the chart, and in many cases, specific tribal funding set-asides are available. Detailed information on each funding opportunity can be found in the section following the chart.

	PLANNING	IMPLEMENTATION			
TYPE	Energy Plan Development	Conservation	Efficiency	Renewables	Green Building
Grants					
<i>US Dept of Agriculture</i>					
♦ Renewable Energy & EE Grant Program			x	x	
♦ Value-Added Producer Grant				x	
♦ Rural Business Opportunity Grants	x	x	x	x	x
♦ Rural Business Enterprise Grants		x	x	x	x
♦ Rural Community Development Initiative	x	x	x	x	x
♦ Natural Resources Conservation Services - CIG			x	x	
<i>US Dept of Energy</i>					
♦ Renewable Energy or EE Deployment			x	x	
<i>Environmental Protection Agency</i>					
♦ Drinking Water Infrastructure Grants					x
♦ Pollution Prevention Grant Program		x	x	x	
♦ Region 10: Clean Air Act Tribal Program			x	x	x
♦ Region 10: Indian Enviro. General Asst. Program	x				
<i>US Dept of Housing & Urban Development</i>					
♦ Rural Housing & Economic Development					x
<i>US Dept of Health & Human Services</i>					
♦ LIHEAP: Residential Energy Asst. Challenge Option			x	x	
<i>US Dept of Interior</i>					
♦ Energy & Mineral Development Program				x	
<i>Enterprise Foundation</i>					
♦ Planning, Construction & Charrettes Grants					x
Loans					
<i>US Dept of Agriculture</i>					
♦ Business & Industry Guaranteed Loan	x	x	x	x	x
♦ Intermediary Relending Program	x	x	x	x	x
<i>US Dept of Interior</i>					
♦ Indian Loan Guaranty & Interest Subsidy	x	x	x	x	x
<i>Enterprise Foundation</i>					
♦ Enterprise Community Loan Fund - Loans					x
Tax Incentives & Bond Financing					
♦ Production Tax Credit				x	
♦ Renewable Energy Production Incentive				x	
♦ Accelerated Depreciation				x	
♦ Clean Renewable Energy Bonds				x	
♦ Enterprise Low-Income Housing Tax Credit					x
State Incentives					
♦ WA: Renewable Energy Production Incentive				x	
♦ OR: Energy Trust of Oregon Incentives				x	
♦ OR: Business Energy Tax Credit				x	
♦ OR: Small-Scale Energy Loan Program			x	x	
♦ OR: Renewable Energy Feasibility Fund				x	
♦ ID: Low-Interest Loan Programs			x	x	
♦ MT: Alternative Energy Investment Tax Credit				x	
♦ MT: Alternative Energy Revolving Loan Program				x	

Figure 7.1 Funding opportunities for Tribal energy plan development and clean energy projects

Funding For Weatherization

As discussed in Section 3 of the Guidebook, reducing the amount of energy used in households and businesses is an important step towards achieving energy sustainability and independence. One way to reduce energy costs and to make housing more affordable is to weatherize homes. This is an important first step in overall energy planning particularly when considering renewable energy production as a central element of your comprehensive energy plan.

Funding for low-income weatherization has historically come from several sources and represents a partnership of both public and private organizations. By far the largest contribution has come from the U.S. Department of Energy (DOE), totaling more than \$5.8 billion since 1978. In fiscal year (FY) 2008, DOE funds totaled \$228 million, representing about 40% of the total investment in weatherization for the year from all sources.

Other sources of funding include federal programs that serve low-income families such as the Low-Income Home Energy Assistance Program (LIHEAP), state agencies, utilities, settlements from lawsuits, and other private-sector interests such as landlords of buildings receiving weatherization services.

LIHEAP Contributions to Weatherization

After DOE, the second largest source of weatherization funding is from the LIHEAP, a program administered by the U.S. Department of

Housing and Human Services (HHS). Although LIHEAP's mission is to provide direct assistance to the poor to make sure their heating bills are paid, its rules are flexible and allow as much as 25% of overall state funding for weatherization.

The LIHEAP statute allows Indian tribes, tribal organizations, and territories that wish to assist low-income households meet the costs of home energy to apply for a LIHEAP block grant. Block grants allow more flexibility in the way money is spent thus, tribal grantees, like their state counterparts, have considerable latitude in the design and operation of their programs.

As of FY 2007, 151 tribes and tribal organizations received LIHEAP funds allowing them to directly operate LIHEAP. Five territories also operated LIHEAP programs. Tribal LIHEAP programs operate in 24 states, with the largest number of tribal grantees in Oklahoma (30), California (24) and Washington (21). While all tribal grantees operate LIHEAP heating/cooling assistance and crisis assistance programs, only a handful operate weatherization. More information on DHHS's Tribal LIHEAP program can be found at: <http://liheap.ncat.org/tp.htm>.

Utility Low-Income Programs and Weatherization

Another significant source of funding is from electric and gas utilities. By far the largest private investment has come from utilities located in states where their regulatory commissions have supported low-income weatherization. In these states, where utility programs complement and add to services provided by weatherization, energy services to low-income families are the most comprehensive.

The Bonneville Power Administration operates a Tribal Set-Aside Low-Income Weatherization Program to improve the installation of weatherization measures on Native American lands and throughout the service territory of its public utility customers.

Under the Tribal Set-Aside Low-Income Weatherization Program, BPA provides:

- Funding to tribal governments to implement outreach and coordination with tribal members
- Funding for installation of measures, if the tribe has a qualified program that can implement auditing, installation and inspection services
- Coordination with local community action agencies
- Training for certified weatherization auditors and inspectors

For more information on BPA's program, visit: http://www.bpa.gov/corporate/About_BPA/Tribes/set-aside.cfm

Settlements and Private-Sector Investment

Another major source which began in the 1980s was the Petroleum Violation Escrow (PVE) Fund. These funds came from legal penalties assessed against oil companies for violating price controls. Most states had exhausted their PVE funds, and total funding in FY 2002 amounted to only \$6.9 million or about 1.2% of the total.

Finally, numerous small and other private organizations contribute funding or in-kind services. For example, landlords of multi-family housing units with low-income clients often contribute their own funds and in-kind services

when their buildings are weatherized.

For more information on funding for weatherization, visit the Department of Energy's Weatherization website located at: http://www.eere.energy.gov/weatherization/source_fund.html

Grant Programs

U.S. Department of Agriculture (USDA)

USDA programs are excellent sources of funding and can provide valuable financial support at various project phases, including the difficult-to-fund feasibility phase. Funding limits are based on annual appropriations.

Renewable Energy System and Energy Efficiency Improvements – §9006

The USDA Renewable Energy System and Energy Efficiency Improvements grant and loan program, also referred to as Section 9006 of the Federal Farm Bill, provides grants for purchases of renewable energy systems and energy improvements.

This program supports the purchase and installation of energy efficiency improvements which result in reduced energy consumption for non-residential buildings in rural locations.

▷ Eligibility

Rural small businesses – “small” as defined by Small Business Administration and not in a Census-defined Metropolitan Statistical Areas.

Agricultural producers – individuals or business entities receiving at least 50% of gross income from agriculture.

Nonprofits and public projects are not eligible. Utilities are typically excluded from

eligibility.

▷ Grant Size

25% of eligible project costs. Up to \$500,000 for renewable energy systems, and \$250,000 for energy efficiency projects.

▷ Match Requirement

75% of the project cost must come from non-Federal funds. “In-kind” contributions from third parties of up to 10% of the project cost may be counted toward the match. “In-kind” contributions from the applicant receive no credit toward the match.

▷ Source

<http://www.rurdev.usda.gov/rbs/busp/9006grant.htm>

Value-Added Producer Grant Program (VAPG)

Grants under this program are intended to be used to plan and implement value-added ventures to increase the revenue of commodity producers.

Farmers, ranchers, foresters and fishermen may receive matching grants for either planning or working capital purposes to implement value-added ventures – i.e. for on-farm renewable energy generation projects.

The proposed “value-added” activity must increase the value realized by a producer for their agricultural commodity – either by an increase in value of the commodity or by the expansion of the market for the commodity – due to either: commodity processing, differentiated production/marketing, commodity segregation, or renewable energy – i.e., on-farm production of renewable energy (wind, solar, biomass, anaerobic digester, geothermal).

VAPG grants may be used for either Planning or

Working Capital activities (but not both).

▷ Eligibility

Independent Producers (either individuals or business entities) – i.e., farmers, ranchers, foresters, and fishermen – who will produce a majority of the commodities to which value will be added and who will retain ownership of the commodities throughout the value-added process.

Agricultural Producer Groups – representing and controlled by Independent Producers

Farmer or Rancher Cooperatives – consisting exclusively of Independent Producers

Majority-Controlled Producer-Based Business Ventures – legal business entity that is majority-owned and controlled by Independent Producers.

▷ Grant Size

Planning grants – \$100,000 maximum per project

Working Capital grant – \$300,000 maximum per project (funding amounts are subject to change according federal appropriations)

▷ Match Requirement

50% or more of project costs must come from other sources. In-kind matching is allowed but strongly discouraged as it must be fully justified and documented, and it will be subjected to extensive verification. VAPG funds are disbursed only after the grantee has first contributed at least an equal amount for eligible purposes.

▷ Source

<http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

Rural Business Opportunity Grant Program (RBOG)

The RBOG program provides grant funds for strategic technical assistance, training, and planning activities that promote “best practices” in sustainable economic development for rural communities with exceptional needs.

Only rural communities (outside the urbanized periphery of cities with a population of 50,000) may be assisted. RBOGs may be used for the following project types that have a reasonable prospect for economic development success:

- Technical assistance – for analyzing and identifying business opportunities; for developing feasibility studies and business plans; for the creation of new businesses using rural resources; for export market opportunities
- Training – for existing or prospective rural entrepreneurs and managers; for rural leadership development
- Planning – for local or multi-county economic development
- Business support centers – for the creation of new businesses; for training in technology (including interactive communications technologies) and trade development (including international trade)
- Reasonable fees for professional services necessary to conduct the above activities
- The activity must be consistent and coordinated with local and area economic development plans.

▷ Eligibility

Public bodies, nonprofit corporations, tribes

and rural cooperatives – with sufficient financial strength and expertise to conduct the proposed activity. This is not a grant for individuals or businesses.

▷ Grant Size

\$50,000 maximum per project, \$150,000 maximum for multi-state projects. In 2008, a separate set-aside of \$990,000 was earmarked to assist Native American communities. There is no grant size restriction on the Native American funds.

▷ Match Requirement

There is no matching requirement, but priority points are awarded to projects with higher leveraging.

▷ Source

<http://www.rurdev.usda.gov/rbs/buspr/bog.htm>

Rural Business Enterprise Grant Program (RBEG)

Grants for “tactical” economic development projects that will assist clearly identified small businesses. The RBEG program provides grant funds for precisely targeted technical assistance, training, and other activities that support the development of small business enterprises in rural areas.

Only rural communities (outside the urbanized periphery of cities with a population of 50,000) may be assisted. RBEG projects must have a reasonable prospect for resulting in the development of a specifically-identified “small and emerging private business enterprise”.

A tribally-owned business can be considered a “small and emerging private business enterprise” only if its governing board is independent of the tribal government.

RBEG's may be used for the following project types:

- Technical assistance – a problem solving activity such as business counseling/training, market research, feasibility study, professional/technical report, or product/service improvement
- Workforce training – including distance learning networks
- Revolving loan funds (RLFs) – to capitalize a loan fund for re-lending to “small enterprises” exclusively
- Capital items (real estate, infrastructure, equipment) – to be leased to or for the benefit of “small enterprises” exclusively

▷ Eligibility

Public bodies, nonprofit corporations, and tribes seeking to conduct a rural business development project. This is not a grant for individuals or businesses. Pass-through grants are not permitted.

▷ Grant Size

There is a federal and state allocation. Grants are typically in the \$25,000 range.

▷ Match Requirement

Priority is given to projects with nonfederal leveraging. As a practical matter, 1:1 matching funds are essential for an application to be competitive.

▷ Source

<http://www.rurdev.usda.gov/rbs/busp/rbeg.htm>

Rural Cooperative Development Initiative (RCDI)

Congress initially created the RCDI in Fiscal Year 2000 to develop the capacity and ability of

nonprofit organizations, low-income rural communities, or federally recognized tribes to undertake projects related to housing, community facilities, or community and economic development in rural areas.

The RCDI program provides technical assistance and training funds to qualified intermediary organizations to develop their capacity.

Key points of the program are:

- The purpose of this initiative is to provide a program of technical assistance to recipients to develop or increase their capacity to undertake projects in the areas of housing, community facilities, and community and economic development in rural areas.
- The RCDI grant, which has a dollar-for-dollar matching funds requirement, is made to an intermediary. The intermediary provides a program of technical assistance to recipients to build their capacity and ability to undertake projects related to housing, community facilities, and community and economic development in rural areas.
- The intermediary can be a private or public organization, including tribal, that has been legally organized a minimum of 3 years and has experience working with the recipients eligible for this program.
- The recipients can be nonprofit organizations, low-income communities, or federally recognized tribes, based on the definitions in the Notice of Funds Availability (NOFA). Recipients must be located in eligible rural areas, as defined in the NOFA.

▷ Eligibility

Public or private (including tribal

organizations) that have been legally organized for at least three years and have experience working with eligible recipients. Recipients of assistance from the intermediary can be non-profit organizations, low-income communities, or federally recognized tribes.

▷ Grant Size

For FY2008, Congress appropriated \$6,255,900 for the RCDI. Grants range from \$50,000 to \$300,000.

▷ Match Requirement

Matching funds must be in the form of cash or confirmed funding commitments and must be at least equal to the grant amount. In-kind contributions cannot be used as matching funds.

▷ Source

<http://www.rurdev.usda.gov/rhs/rcdi/index.htm>

Natural Resources Conservation Services – Conservation Innovation Grants (CIG)

The purpose of CIG is to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging the Federal investment in environmental enhancement and protection, in conjunction with agricultural production. CIG fund or projects targeting innovative on-the-ground conservation, including pilot projects and field demonstrations.

CIG has two competitions available each fiscal year --National and State. For the National FY2008 competition several funding concerns relate directly to energy opportunities. Some examples of energy related projects are:

- Bio-based energy opportunities; and
- Identification and quantification of management practices for air quality and atmospheric change concerns at animal operations.
- Development and application of technology tools that measure environmental services (i.e. benefits) in order to document credits for trading;
- Greenhouse gas accounting tools and registries;
- Renewable energy sources such as wind or solar;
- Methane recovery;
- Other innovative farm management or production technologies;
- Automated self energy audit technology;
- Energy audit worksheets; and
- Compilation of on-farm energy audits and audit processes.

The intent of the State Component is to provide flexibility to NRCS State Conservationists to target CIG funds to individual producers and smaller organizations that may possess promising innovations, but may not compete well on the larger scale of the national grants competition. Funding availability and application and submission information for state competitions are announced through public notices (and on State NRCS websites) separately from the national notice. State Conservationists will determine the funding level for state competitions, with individual grants not to exceed \$75,000.

Source: <http://www.nrcs.usda.gov/programs/cig/statecomponent.html>

▷ Eligibility

CIG applicants must be a Federally-recognized Indian Tribe; State or local unit of government; non-governmental organization; private business; or individual.

A person or entity is not eligible if the three-year average adjusted gross income (AGI) exceeds \$2.5 million with less than 75 percent derived from farming, ranching, or forestry-related sources at the time of application.

▷ Grant Size

Natural Resource Concerns category--Up to \$10 million available for proposals addressing one or more of the CIG natural resource concerns.

Technology category--Up to \$5 million available for proposals addressing one or more of the CIG technology categories. This component was offered in 2006.

The maximum award amount for any project is capped at \$1 million. CIG will fund single- and multi-year projects, not to exceed three years.

**For the FY 2008 grant award process, there was a set-aside of 10% of the total funds available for CIG for applications from Beginning and Limited Resource Farmers and Ranchers, Indian Tribes, or community-based organizations comprised of or representing these entities.

▷ Match Requirement

At least 50% of the project cost to 25 percent of the total project cost may be from in-kind contributions.

**An exception regarding matching funds is made for projects funded out of the set-aside. Up to three fourths of the required matching funds for such projects (up to 37.5% of the total project cost) may derive from in-kind contributions.

▷ Source

<http://www.nrcs.usda.gov/programs/cig/>

Department of Energy (DOE)

Renewable Energy or Energy Efficiency Deployment in Indian Country

Under the provisions of Title V of the Energy Policy Act (EPAAct) of 2005, the Department of Energy's Office of Energy Efficiency and Renewable Energy offers grants for the deployment of renewable energy systems or energy efficiency measures in Indian Country in the lower 48 States. Under this program, DOE seeks project development plans for the large-scale installation of renewable energy systems or energy efficiency measures resulting in substantial energy savings within 12 to 24 months of award, subject to the availability of renewable energy hardware.

Successful applications under energy efficiency must demonstrate the potential for a 30% reduction in energy usage. Applications proposing the use of renewable energy systems for building heating and cooling must meet at least a minimum of 30% of the building load. Renewable energy applications proposing less than 1 MW of generation will not be considered.

▷ Eligibility

Indian Tribe or a Tribal Energy Resource Development Organization. In both cases projects must be located on Indian lands

within the contiguous 48 States.

▷ Grant Size

Typically in the \$500,000 to \$1,000,000 range for the total project period.

▷ Match Requirement

The cost share must be at least 50% of the total allowable costs of the project. Applications proposing an amount above the 50% will be given preference.

▷ Source

2008 solicitation: [http://e-center.doe.gov/iips/faopor.nsf/UNID/8D45D258A9BDA2088525740F0052F4F3/\\$file/Announcement_DE-PS36-08GO98022.pdf](http://e-center.doe.gov/iips/faopor.nsf/UNID/8D45D258A9BDA2088525740F0052F4F3/$file/Announcement_DE-PS36-08GO98022.pdf)

Environmental Protection Agency (EPA)

National - Drinking Water Infrastructure Grants

This fund supports the installation, replacement, or upgrade of drinking water infrastructure. The funds may also be used to support green infrastructure activities such as permeable pavement, rooftop gardens and other measures that help reduce the urban heat island effect and save energy.

The Drinking Water Infrastructure Grants Tribal Set-Aside (DWIG TSA) Program provides grant funds to improve the infrastructure of drinking water systems that serve Indian Tribes. It is a component of the Drinking Water State Revolving Fund.

▷ Eligibility

Federally recognized Indian Tribes.

▷ Grant Size

Varies. The total amount of funds set-aside each year are allotted, by formula, among nine EPA Regional offices.

▷ Match Requirement

Not required.

▷ Source

<http://www.epa.gov/safewater/dwsrf/allotments/tribes/frequentquestions.html>

National - Pollution Prevention Grant Program (P2)

EPA created the Pollution Prevention (P2) Grant Program (formerly Pollution Prevention Incentives for States) under the authority of the Pollution Prevention Act of 1990.

The purpose of the P2 Grant Program is to give States and Tribes the capability to assist businesses and industries in identifying better environmental strategies and solutions for complying with Federal and State environmental regulations. The majority of P2 Grants fund State-based projects for technical assistance, training, outreach, education, regulatory integration, data collection, research, demonstration projects, and recognition programs.

Proposed project activities must meet the following definition of P2/source reduction in order to be eligible for funding:

- Reduce the amount of any hazardous substance, pollutant, or contaminant entering any waste stream or otherwise released into the environment (including fugitive emissions) prior to recycling, treatment or disposal;
- Reduce the hazards to public health and the environment associated with the release of such substances, pollutants, or contaminants; or
- Reduce or eliminate the creation of pollutants through increased efficiency in the

use of raw materials, energy, water, or other resources; or protection of natural resources by conservation.

▷ Eligibility

Any agency or entity of a State including State colleges, universities, and Indian Tribes that meet the requirement for treatment in a manner similar to a State in 40 CFR 35.663 and intertribal consortia that meet the requirements in 40 CFR 35.504.

▷ Grant Size

Dependent on the Congressional appropriations and the quality of proposals received. Individual grant awards are typically in the range of \$20,000-\$180,000.

▷ Match Requirement

At least 50 percent match is required. Cost Sharing and Matching contributions may include dollars, in-kind goods and services and/or third party contributions consistent with 40 CFR 31.24.

▷ Source

<http://www.epa.gov/oppt/p2home/pubs/grants/ppis/ppis.htm>

EPA Regional Grants

EPA Region 10 serves the people of Alaska, Idaho, Oregon, Washington and Native Tribes:

<http://yosemite.epa.gov/R10/TRIBAL.NSF/webpage/Tribal+Grants>

Clean Air Act (CAA) Tribal Program Funding – Region 10

The purpose of this program is to assist tribal governments to develop programs to manage air quality in Indian country in accordance with the 1990 Clean Air Act.

Eligible activities include:

Section 105:

- Implementation of programs for the prevention and control of air pollution

- Implementation of national primary and secondary ambient air quality standards, including activities related to the planning, developing, establishing, carrying-out, improving, or maintaining of such programs.

Examples include: agricultural methane to electricity, biomass, wind, combined heat and power, geothermal, wave/current turbines and photovoltaics (particularly when electricity is required for remote usages).

- Direct Implementation Tribal Cooperative

Agreements (DITCAs): Assisting EPA with any activity required to implement the Clean Air Act or supporting regulations.

Examples include: Become a member of EPA's Green Power Partnership by purchasing green power as a portion of tribal electricity or become a member of EPA's Combined Heat and Power (CHP) Partnership program by promoting and/or developing combined heat and power resources.

Section 103:

Investigations, experiments, demonstrations, surveys and studies relating to the causes, effects, extent, prevention, and control of air pollution.

For additional suggestions of possible activities and objectives relevant to addressing air quality through tribal Clean Air Act grants, the document: *Menu of Options: A Framework for*

Managing Tribal Air Grants for Environmental Results (located on the EPA Region 10 website at <http://yosemite.epa.gov/R10/AIRPAGE.NSF/webpage/Tribal+Air+Program+Main+Page>) provides templates for a wide variety of goals, including suggested tasks, outputs, outcomes, and measures.

▷ Eligibility

All federally-recognized tribes and tribal consortia in Region 10 are eligible to receive funds. A tribal consortium is defined as a partnership between two or more tribes authorized by the governing bodies of those tribes to apply for and receive assistance under the particular EPA grant program.

▷ Grant Size

Section 105 project grants range from \$25,000 per year up to \$150,000 depending greatly on size of tribe. Region 10 may have some funding for a limited number of Section 103 special projects, however these projects are funded only when there is money left over after all Section 105 projects have been granted.

▷ Match Requirement

For Section 105: Match of 5%-40% is required. Match is not required for Section 103 grants.

▷ Source

<http://yosemite.epa.gov/R10/TRIBAL.NSF/webpage/Tribal+Grants>

Indian Environmental General Assistance Program (GAP)

In 1992, Congress passed the Indian Environmental General Assistance Program Act which authorizes EPA to provide General

Assistance Program (GAP) grants to federally recognized tribes and tribal consortia for planning, developing, and establishing environmental protection programs in Indian Country, as well as developing and implementing solid and hazardous waste programs on tribal lands.

Examples of capacity building activities include, but are not limited to, the following:

- An administrative system
- Technical capability to manage environmental programs
- Qualifications and training needs for environmental management personnel relative to the tribe's program needs and plan for program implementation, including planning for and implementation of a training program to address technical competency and capability
- Integrated approaches to environmental protection and natural resource management, such as the development of Integrated Resource Management Plans (IRMP), which fully reflect both tribal environmental and natural resource management goals and objectives, within the limitations of GAP
- The legal infrastructure (codes, regulations, ordinances and standards, and policies and guidance) to implement environmental protection programs
- Enforcement programs to ensure compliance including the development of inventory, monitoring and inspection schemes
- Materials, information and plans for environmental education/public outreach programs for community members (including

tribal leaders and business and civic organizations)

- Multi-jurisdictional opportunities including the feasibility for intergovernmental (Tribal, Federal, State, Local) cooperative efforts

▷ Eligibility

All federally-recognized tribes in Region 10. Intertribal consortia that meet the consortia requirements may also receive funding, depending on availability of funding after tribal governments are funded.

▷ Grant size

For tribal governments a minimum of \$75,000 and up to \$110,000 per year. Tribes with large reservations may receive up to \$160,000.

Tribal consortia may be funded provided that Region 10 has sufficient funding for all eligible and qualified tribal government applicants first. EPA will provide funding to consortia in proportion to the number of federally recognized tribes that make up the consortia. No consortia will be provided base funding in excess of \$300,000 per year.

▷ Match Requirement

Not required.

▷ Source

<http://yosemite.epa.gov/R10/TRIBAL.NSF/webpage/Tribal+Grants#GAP%202008>

U.S. Department of Housing and Urban Development

Rural Housing and Economic Development (RHED)

The Rural Housing and Economic Development Program provides for capacity building at the state and local level for rural housing and

economic development and to support innovative housing and economic development activities in rural areas.

Funds are available in 2 categories:

1. *Capacity Building and Support for Innovative Housing and Economic Development* activities. Capacity building involves the enhancement of existing organizations to carry out new functions and/or perform more effectively existing functions. Possible activities include: hiring and training staff, purchasing software and other tools, obtaining expertise from outside sources, developing an accounting system, conducting asset inventories, developing strategic plans, seeking technical assistance, improving management capability, and purchasing or leasing office space.
2. *Support for Innovative Housing and Economic Development* activities is intended for, but not limited to, other costs for innovative housing and economic development activities. Possible activities include: preparation of plans, architectural drawings, acquisition of land and buildings, demolition, provision of infrastructure, purchase of materials and construction costs, use of local labor markets, job training and counseling for beneficiaries and financial services such as revolving loan funds and Individual Development Accounts or IDAs. Other possible activities include: homeownership and financial counseling, application of innovative construction methods (e.g. green building); provision of financial assistance to homeowners, businesses, and developers; and the establishment of Coalition of Community Development Financial

Institutions (CDFIs), lines of credit, revolving loan funds, microenterprises, and small business incubators.

▷ Eligibility

Local rural non-profits, community development corporations (CDCs), federally recognized Indian tribes, state housing finance agencies (HFAs), and state community and/or economic development agencies.

▷ Grant Size

\$150,000 for Capacity Building Grants, \$400,00 for Innovative Housing and Economic Development

▷ Match Requirement

See program NOFA: <http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/>

▷ Source

<http://www.hud.gov/offices/cpd/economicdevelopment/programs/rhed/>

U.S. Department of Health and Human Services, Low Income Home Energy Assistance Program (LIHEAP)

Residential Energy Assistance Challenge Option Program (REACH)

The purpose of the REACH Program is to provide for the establishment of demonstration projects designed to determine ways to:

- Minimize health and safety risks that result from high energy burdens on low-income Americans;
- Prevent homelessness as a result of inability to pay energy bills;

- Increase efficiency of energy usage by low-income households, and;
- Target energy assistance to individuals who are most in need.

The program supports a limited number of innovative projects that demonstrate the long-term, cost-effectiveness of supplementing energy assistance payments with non-monetary benefits that increase the ability of low-income households to meet home energy costs and achieve energy self-sufficiency.

The REACH authorizing legislation also includes a section that provides a separate, optional (EEES) project that applicants may include in their REACH plan. The EEES Plan must be separate from the REACH Plan and contained in the Appendix to the REACH Plan. To be eligible for this additional funding, EEES Plans must meet additional quality standards.

▷ Eligibility

Indian Tribes, Tribal organizations, and Insular Areas, except Puerto Rico, that receive LIHEAP grants directly from HHS and are currently implementing a LIHEAP program.

▷ Grant Size

Average grant size for REACH plans is \$150,000. Average grant size for Energy Efficiency Education Services component is \$25,000.

▷ Match Requirement

Not required.

▷ Source

<http://www.acf.hhs.gov/programs/ocs/liheap/funding/reach/reachdes.html>

U.S. Department of Interior, Indian Energy and Economic Development (IEED)

Energy and Mineral Development Program

These grants will fund projects promoting the development of tribal oil, gas and coal resources, the development of construction aggregate markets, and renewable energy projects such as using biomass, geothermal, and solar and wind energy production.

Source: http://www.peoplelandandwater.gov/bia/bia_assistant-secretary-indian-affairs.cfm

Enterprise Foundation - Green Communities Program: Planning and Construction and Charrette

Enterprise offers grants to help cover the costs of planning and implementing green components of affordable housing developments, as well as tracking their costs and benefits. Enterprise administers the Green Communities Grants program in consultation with other collaborating corporations and foundations, which presently include:

- The Home Depot Foundation
- The Kresge Foundation
- Citigroup Foundation
- Surdna Foundation
- JPMorgan Chase
- The Department of Housing and Urban Development (HUD)

The Enterprise Foundation makes grants under two different programs, Planning and Construction and Charrettes.

Planning and Construction grants cover

expenses including additional costs of architectural work, engineering, site surveys and costs associated with items such as a more efficient HVAC systems, green materials and energy efficient appliances.

Charrette grants assist housing developers with integrating green building systems in their developments and engaging in serious discussions of green design possibilities. Enterprise will award planning grants to affordable housing developers to coordinate green design charrettes. Please see <http://www.greencommunitiesonline.org/tools/funding/grants/charrette.asp> for more details.

▷ Eligibility

501(c)(3) nonprofits; public housing authorities; tribally designated housing entities; for-profit entities; and for-profit entities participating through joint ventures with qualified organizations.

▷ Grant Size

For Planning and Construction grants up to \$50,000. Grant amounts will not exceed \$1,000 times the number of low-income units in a project, plus \$3,000 (not to exceed maximum grant amount). The portion of the grant to be used for planning costs may not exceed \$25,000, or \$500 times the number of low-income homes-whichever is less.

An applicant may apply for and be awarded a grant for both planning and implementation, but the implementation portion of grants will be automatically cancelled if the project does not meet the Green Communities Criteria at the construction contract stage.

Charrettes Grants, up to \$5,000

▷ Match Requirement

Not required

▷ Source

<http://www.greencommunitiesonline.org/>

Kresge Foundation- Green Building Initiative

The Kresge Foundation awards planning grants to projects in the U.S. and Canada in the following categories:

- Renovation
- Historic preservation
- New construction designed to achieve LEED – Leadership in Energy and Environmental Design – certification at the Platinum level from the U.S. Green Building Council
- New construction designed to meet the Cascadia Region Green Building Council's Living Building Challenge (also endorsed by the U.S. Green Building Council)
- New construction designed to be net-zero energy efficient (the facility produces as much energy as it consumes each year)

Planning grants will cover costs associated with energy and water use analysis and modeling, site planning, commissioning expenses incurred during the planning process, LEED registration and initial documentation and professional services to facilitate the design process through planning meetings or charettes structured to focus on specific outcomes.

▷ Eligibility

- 501(c)(3) organizations that are not classified as private foundations
- Government entities

- Community colleges, colleges and universities that are fully accredited associate, baccalaureate and/or graduate degree-granting institutions
- Elementary and secondary schools that serve predominately students with physical and/or developmental disabilities
- Hospitals that are accredited by the Joint Commission on Accreditation of Healthcare Organizations
- Religious organizations that are operated by or within religious institutions and serve secular needs, have space formally dedicated to their programs, and have financial and governing autonomy from the parent religious organization
- Canadian organizations that would qualify as charitable organizations under United States law and have an independent audit prepared in accordance with their recognized local standards

▷ Grant Size

\$50,000-\$100,000 planning grants

▷ Match

Not required.

▷ Source

<http://www.kresge.org/content/displaycontent.aspx?CID=59>

Loan Programs

USDA Business and Industry Guaranteed Loan (B&I)

The goal of the Business and Industry Guaranteed Loan Program is to encourage the commercial financing of rural businesses thereby,

creating and saving rural jobs and improving the economic and environmental climate of rural communities. The B&I program is lender-driven. USDA guarantees the loan rather than lending directly. A commercial lender requests the B&I guarantee, and, if approved, it makes (and services) the loan.

▷ Eligibility

Lender Eligibility: Any Federal or State chartered bank; Farm Credit System; Bank of Cooperatives; Savings and Loan or Building and Loan Association; bank-holding company's mortgage company; credit union; or insurance company – subject to government credit examination and good standing. Other lenders with commercial lending experience and financial strength may also be approved.

Borrower Eligibility: Most types of enterprises qualify – manufacturing, wholesale, retail, service – new or existing. The project must be in a rural area – beyond any 50,000+ population city and its urbanized periphery. Proprietorships, partnerships, corporations, LLC's, co-ops, trusts, nonprofits, tribes and public bodies are all eligible.

▷ Loan Details/Mechanics

Federal guarantee for lenders on their rural business loans:

80% (maximum) guarantee on cumulative loans to a single borrower up to \$5 million

70% (maximum) guarantee on cumulative loans to a single borrower from \$5-10 million

Size of Loans: No minimum; up to \$10

million. Usually, B&I loans range from \$200,000 to \$5 million.

▷ Interest Rate, Term, Payment Structure, and Fees

Rate: Lender's customary commercial interest rate – negotiated by lender and business. Fixed or variable (but may not vary more often than quarterly).

Term: Working capital – 7 years maximum, equipment – 15 years maximum (not to exceed useful life of collateral), real estate – 30 years maximum (not to exceed useful life of collateral).

Structure: Balloons are not permitted. Reduced payments may be scheduled in the first 3 years.

Fees: Lender's reasonable and customary fees okay – negotiated by lender and business. USDA charges an initial guarantee fee equal to 2% of the guaranteed amount plus an annual renewal fee equal to ¼% of the guaranteed amount.

▷ Authorized Loan Purposes

Real estate, buildings, leasehold improvements, equipment, inventory, and permanent working capital. Loan fees and costs (including B&I guarantee fee), professional services, and feasibility study costs.

▷ Source

http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm

USDA Intermediary Relending Program (IRP)

The IRP program provides low-interest loans to

capitalize revolving loan funds (RLF's) that will finance smaller and emerging businesses enterprises and community development projects in rural areas. IRP borrowers ("intermediaries") must place the IRP loan proceeds in an RLF for re-lending to eligible, rural businesses and community groups ("ultimate recipients"). RLF loans from the intermediary to the ultimate recipient may finance new or existing businesses or community development projects. All collections from the operation of the IRP RLF that are not used for administrative costs, technical assistance to borrowers, or debt retirement must be made available for relending to eligible ultimate recipients.

▷Eligibility

Public bodies, nonprofit corporations, rural cooperatives, and tribes with the legal authority to operate an RLF; a record of successfully assisting rural businesses and communities, normally including experience in making and servicing commercial loans; and an ability to provide adequate assurance of repayment of the IRP loan. Project must be in a rural area (i.e., communities with a population of 25,000 or less).

This is not a loan program for businesses directly, though businesses ultimately will receive loans from the revolving loan funds capitalized with IRP funds. Ineligible businesses include: most types of agricultural production; religious organizations; lending, investment, and insurance companies; golf courses; racetracks; gambling facilities.

▷Loan Details/Mechanics

Loan size: \$750,000 is typically the maximum

loan awarded on either an initial or subsequent basis. A Native American set-aside is available.

▷Interest Rate, Term, and Payment Structure

1% fixed rate, 30 years, fully amortized (though interest-only payments may be permitted for the first 3 years).

Types of loans from the IRP loan fund:

1) Leverage: can finance up to 75% of the total cost of the ultimate recipient's project.

Loan size: generally, limited to no more than \$150,000 per ultimate recipient when the IRP loan fund is using initial loan proceeds. Loans up to \$250,000 may be made with revolved loan funds.

Interest rate, terms, and payment structure: set by the intermediary in an amount sufficient to cover the cost of operating and sustaining the RLF.

2) Collateral and Servicing: IRP loans are secured by a lien on the IRP revolving loan fund and on all assets generated from the fund, including notes receivable and all income produced with the fund. The intermediary is liable for the repayment of the IRP loan regardless of the performance of the IRP loan fund. The intermediary is required to maintain a detailed and separate accounting of their IRP loan fund and its associated assets, including the submission of an annual operating budget, quarterly/semiannual reports, and an audited financial statement.

▷Loan purposes

Real estate, buildings, leasehold

improvements, equipment, inventory, working capital, some refinancing, fees.

▷Source

<http://www.rurdev.usda.gov/rbs/busp/irp.htm>

U.S. Department of Interior Indian Loan Guarantee and Interest Subsidy Program

The program was established by the Indian Financing Act of 1974 to stimulate and increase American Indian entrepreneurship and employment through establishment, acquisition or expansion of Indian-owned or Native Alaskan owned economic enterprises.

▷Eligibility

Any lender including community development financial institutions (CDFIs) regularly involved in making loans. The borrower must be projected to have at least 20% equity in the business being financed immediately after the loan is funded. The business must be located on or near a federally recognized reservation or recognized service area and must contribute to the economy of the reservation or service area. A borrower must be a federally recognized American Indian Tribe or Alaska Native group or an enrolled member of such tribe or group; or a business organization with no less than 51% ownership by American Indians or Alaska Natives. The borrower may not be delinquent on any federal obligations.

▷Loan Details/Mechanics

Loan Amount: \$500,000 is the maximum loan that can be guaranteed for individuals. The program can guarantee loans of greater amounts for tribes, tribal enterprises, or a business entity, subject to program and

policy limits.

The percentage of a loan that is guaranteed is the minimum necessary to obtain financing, but may not exceed 90% of the unpaid principal and interest on a loan. The lender must pay a one-time premium payment of 2% on the guaranteed portion of a loan. The lender may charge the premium to the borrower as a one time fee or add the premium to the loan.

The maturity of the loans is determined by the lender, but may not exceed 30 years.

Interest rates are determined by the lender. In some cases, the program can provide interest subsidy. An interest subsidy is a rebate to the borrower of the difference between the lender's interest rate and the rate set for Indian loans by the U.S. Treasury, for up to five years.

Lenders must obtain security, if available, up to the amount adequate to protect the loan without consideration of the guaranty.

▷Source

<http://www.doi.gov/bureau-indian-affairs.html>

<http://www.doi.gov/bia/Loan%20Guaranty%20Brochure.pdf>

Enterprise Community Loan Fund

The Enterprise Community Loan Fund offers several lending products to support the development of affordable rental and homeownership housing that adheres to Green Communities Criteria.

Early Predevelopment Loans

Early predevelopment loan funds may be used to fund any or all of the following typical costs:

green building/design charrette and other services from a green building/design professional, architectural drawings or engineering studies, geotechnical studies or surveys; construction feasibility studies incorporating green criteria, phase I environmental report, appraisal, legal, and development consultant fees.

Predevelopment Loans

Predevelopment loan funds may be used to fund any or all of the following typical costs related to affordable housing development prior to closing construction financing: architectural, civil engineering and landscape design fees; electrical and mechanical engineering fees; interior design fees; surveys; environmental phase one and follow-up environmental impact studies; traffic studies; erosion control plans; zoning work; legal and title fees; appraisal fees; loan fees; application fees for debt; equity and subsidy financing and the costs of engaging a green design specialist.

Acquisition Loans

Acquisition loan funds may be used to fund any or all of the following typical costs related to the acquisition of land or buildings intended to be developed as affordable homeownership or rental housing: earnest money deposits or option payments; land or building acquisition costs; title, closing and legal costs related to acquisition closing.

Construction Loans

Construction loan funds may be used to fund any or all of the following typical costs related to the new construction or rehabilitation of affordable homeownership or rental housing: construction contract costs; construction contingency; design, engineering and permitting costs during the

construction period; construction management fees; carrying costs and any special costs related to compliance with Enterprise's Green Communities Criteria.

▷ Eligibility

Available Funds/Target Projects:

- Projects that involve new construction of residential units or rehabilitation at an estimated cost of more than \$3,000 per unit.
- Projects subject to firm site control.
- Rental housing projects that have at least 25 units reserved for renters with incomes below 60% of area median income (Green Communities grantees will consider giving Enterprise the right to submit a bid on the equity investment in the project).
- Homeownership projects that have at least 15 homes that will be sold to buyers with incomes below 80% of area median income.
- Projects in the working drawing or construction stages may be considered, but it is assumed that compliance with Green Communities Criteria may be difficult because the Criteria were not included in the design parameters; potential applicants in this situation may still send a funding application if they believe that the Criteria can be met.
- Rental housing assisted by the Initiative must be permanent housing, not transitional or emergency shelter.
- The sponsor must commit to meeting the Initiative's Green Communities™ Criteria and providing Enterprise with certification

that the Criteria have been met; certifications will be made primarily by the project architect.

▷Source

<http://www.greencommunitiesonline.org/tools/funding/loans/>

Tax Credits, Depreciation, Bonds

Production Tax Credit (PTC)

The Federal PTC provides an inflation-adjusted tax credit for electricity produced from renewable energy sources. In December 2006, the credit was extended for another year and is currently set to expire on December 31, 2008.

PTC currently applies to the following energy resources:

- wind
- closed-loop biomass
- open-loop biomass
- geothermal energy
- small irrigation power (150 kW - 5 MW)
- municipal solid waste
- landfill gas
- refined coal
- hydropower
- Indian coal

The PTC provides a tax credit of 1.5¢/kWh (in 1993 dollars and indexed for inflation) for wind, closed-loop biomass and geothermal. Currently, the PTC for these technologies is 2.0¢/kWh. The PTC, at 2.0¢, represents a substantial portion of the revenue stream of a renewable energy project, and project sponsors should carefully consider ownership scenarios that take advantage of the PTC. Note that the PTC amount is reduced for open-loop biomass, small

irrigation hydroelectric, landfill gas, municipal solid waste resources, and hydropower. As of 2006, solar energy systems are NOT eligible for the PTC.

The duration of the credit is 10 years. However, open-loop biomass, geothermal, small irrigation hydro, landfill gas, and municipal solid waste combustion facilities placed into service after October 22, 2004, and before enactment of EAct 2005, on August 8, 2005, are eligible for the credit for a five-year period. Refined-coal facilities will receive \$4.375 per ton (indexed for inflation) for a 10-year term. Indian coal production facilities will receive an increase in tax credit during the seven-year period beginning January 1, 2006, in the amount of \$1.50/ton through 2009, and \$2.00/ton after 2009.

Note, however, that owners of geothermal projects who claim the federal business energy tax credit may not also claim the PTC.

To qualify for the PTC, electricity must be produced by the person taking the credit, and sold to an unrelated party. In a project with multiple owners, allocation of credits must be in direct proportion to ownership interests. The entity using the credit must either take an active role in project management or else use of the credit is restricted to tax liability incurred through other “passive” investments. Various strategies exist for capturing the value of the PTC, and analysis of the requirements for claiming the credit and evaluating interactions with other subsidies is complex. We recommend expert assistance be sought on the latest information in this ever-changing area, including the current status on the PTC expiration.

▷Reference

http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=US13F&State=Federal%C2%A4tpageid=1

Tax Form: <http://www.irs.gov/pub/irs-pdf/f8835.pdf>

Renewable Energy Production Incentive (REPI)

The federal REPI provides financial incentive payments for electricity produced and sold by new qualifying renewable energy generation facilities. Qualifying systems are eligible for annual incentive payments of 1.5¢ per kilowatt-hour (in 1993 dollars and indexed for inflation) for the first 10-year period of their operation, subject to the availability of annual appropriations in each federal fiscal year of operation. Section 202 of the Energy Policy Act of 2005 (H.R. 6) reauthorized appropriations for fiscal years 2006 through 2026 and expanded the list of eligible technologies and facilities owners.

Eligible electric production facilities include not-for-profit electrical cooperatives, public utilities, state governments, Commonwealths, territories, possessions of the United States, the District of Columbia, Indian tribal governments, or a political subdivision thereof and Native Corporations. The production payment applies only to the electricity sold to another entity.

Qualifying systems must generate electricity using solar, wind, geothermal (with certain restrictions), biomass, landfill gas (except for systems that generate electricity by the combustion of municipal solid waste), livestock methane, or ocean (including tidal, wave, current, and thermal) generation technologies. Fuel cells using hydrogen derived from eligible

biomass facilities are also eligible.

While this incentive offers an alternative for entities not eligible for the PTC, the uncertainty of annual appropriations substantially reduces its value to many projects. If there are insufficient appropriations to make full payments for electricity production from all qualified systems for a federal fiscal year, 60% of appropriated funds will be assigned to facilities that use solar, wind, ocean (including tidal, wave, current and thermal), geothermal or closed-loop biomass technologies; and 40% of appropriated funds for the fiscal year will be assigned to other projects.

▷Reference

<http://www.eere.energy.gov/repil/>

Accelerated Depreciation

The Modified Accelerated Cost Recovery System (MACRS) establishes a set of class lives for various types of property, ranging from three to 50 years, over which the property may be depreciated. For solar, wind and geothermal property placed in service after 1986, the current MACRS property class is five years. For certain biomass property, the MACRS property class life is seven years. The federal Energy Policy Act of 2005 (EPAAct 2005) classified fuel cells, microturbines and solar hybrid lighting technologies as five-year property as well.

The depreciation benefits, however, will only apply to that part of the project that has been financed with equity. The portion of the project financed by non-recourse debt—i.e. financing that is tied solely to the project and not the assets of the borrower—is not eligible for the depreciation benefits. If taking the PTC, individuals and closely held corporations can only use this depreciation tax benefit if they are

actively involved in the project or have offsetting passive income.

The federal Economic Stimulus Act of 2008, enacted in February 2008, included a 50% bonus depreciation provision for eligible renewable-energy systems acquired and placed in service in 2008. To qualify for bonus depreciation, a project must satisfy these criteria:

- the property must have a recovery period of 20 years or less under normal federal tax depreciation rules;
- the original use of the property must commence with the taxpayer claiming the deduction;
- the property generally must be acquired during 2008; and
- the property must be placed in service during 2008 (or, in certain limited cases, in 2009).

If property meets these requirements, the owner is entitled to deduct 50% of the adjusted basis of the property in 2008. The remaining 50% of the adjusted basis of the property is depreciated over the ordinary depreciation schedule. The bonus depreciation rules do not override the depreciation limit applicable to projects qualifying for the federal business energy tax credit. Before calculating depreciation for such a project, including any bonus depreciation, the adjusted basis of the project must be reduced by one-half of the amount of the energy credit for which the project qualifies.

▷Reference

For more information on the federal MACRS, see IRS Publication 946, IRS Form 4562: Depreciation and Amortization, and

Instructions for Form 4562. <http://www.irs.gov/>

Clean Renewable Energy Bonds (CREBs)

Created by the 2005 Federal Energy Policy Act, CREBs can be issued to finance the development of renewable energy projects. CREBs are similar to a “tax credit bond” that currently exists in the tax code for school construction under the Qualified Zone Academy Bond (QZAB) program. Qualified issuers of the bonds include political subdivisions of the state such as local governmental bodies (including municipal utilities), tribal governments, and mutual or cooperative electric companies. In essence, a clean energy bond would provide these issuers with interest-free loans for financing qualified energy projects. CREBs do not require any corporate contribution and do not limit which parties can invest in the securities. The bonds must be issued in 2006 and 2007, but their proceeds can be spent at a later date. The anticipated term of such bonds is approximately fifteen years and is periodically adjusted by the U.S. Treasury along with the amount of the credit that can be claimed against bondholders’ federal taxes.

With a conventional bond, the issuer must pay interest to the bondholder. But with a CREB, the federal government pays a tax credit to the bondholder in lieu of the issuer paying interest to the bondholder. The U.S. Treasury Department sets the rate of the credit on a daily basis, in an amount that permits the issuance of the tax credit bond without discount and without interest cost to the issuer. A bondholder can deduct the amount of the tax credit from the total income tax liability. The bonds are taxable, so if the credit is worth

\$1,000 and the bondholder is in the 35% tax bracket, the bondholder's tax liability would be reduced \$650.

▷Reference

<http://www.irs.gov/taxexemptbond/index.html>

Enterprise Community Investment Low-Income Housing Tax Credit (LIHTC)

Enterprise Community Investment offers competitively priced Low-Income Housing Tax Credit (LIHTC) equity to nonprofit and for-profit developers for new construction and/or rehabilitation of affordable rental housing that generally adheres to the Green Communities Criteria. Enterprise is committed to creating communities of greater sustainability by working with partners who are willing to incorporate green standards into their projects.

Target projects include:

- Projects that involve new construction of residential units or rehabilitation at an estimated cost of more than \$3,000 per unit.
- Projects subject to firm site control.
- Rental housing projects that have at least 25 units reserved for renters with incomes below 60% of area median income.
- Homeownership projects that have at least 15 homes that will be sold to buyers with incomes below 80% of area median income.
- Projects in the working drawing or construction stages may be considered, but it is assumed that compliance with Green Communities Criteria may be difficult because the Criteria were not included in the design parameters; potential applicants in this situation may still send a funding

application if they believe that the Criteria can be met.

- Priority is given to the following projects:
- Projects that are scheduled to close and begin construction within 6-9 months. This is a priority to help ensure the timely investment of project financing that has been committed to the program.
- Rental housing projects that have allocations under the Low-Income Housing Tax Credit program.
- Rental housing assisted by the Initiative must be permanent housing, not transitional or emergency shelter.

The sponsor must commit to meeting the Initiative's Green Communities Criteria and providing Enterprise with certification that the Criteria have been met; certifications will be made primarily by the project architect.

▷Source

<http://www.greencommunitiesonline.org/tools/funding/housing.asp>

State Incentives

For an up to date and comprehensive list of state incentives available for renewable energy and energy efficiency projects, refer to the on-line resource - Database of State Incentives for Renewables and Efficiency: <http://www.dsireusa.org/>

Washington

Renewable Energy Production Incentives

In 2005, Washington Senate Bill 5101, established production incentives of 15 cents per kilowatt-hour (capped at \$2,000 per year, favoring small-scale systems) for grid-connected

individuals, businesses, or local governments that generate electricity from solar power, wind power or anaerobic digesters.

This statewide incentive program is first in the nation to financially reward owners for their system's energy production. The annual cash flow improves the lifetime economics particularly for small-scale renewable energy systems, though larger systems are not excluded.

The incentives vary depending on technology and if the system components were manufactured in Washington. The incentive amount paid to the producer is multiplied by 2.4 for electricity produced using solar modules manufactured in Washington state, 1.2 for electricity produced using an inverter manufactured in Washington state, 1.0 for anaerobic digesters and wind turbines with blades manufactured in Washington State, and .8 for all other wind generators. The production incentives do not impact the customer's eligibility for net-metering, and the green tags associated with the power produced remain with the customer/generator as well (unless otherwise contracted for sale).

The state's utilities will pay the incentives and earn a tax credit equal to the cost of those payments. However, the credit may not exceed the greater of \$25,000 or 0.25% of a utility's taxable power sales. The incentive amount may be uniformly reduced if requests for the incentive exceed the available funds. More info can be found at http://www.dsireusa.org/library/includes/incentive2.cfm?Incentive_Code=WA27F&state=WA&CurrentPageID=1&RE=1&EE=1

Oregon

The Energy Trust of Oregon

The Energy Trust of Oregon, an independent nonprofit organization, administers programs for renewable energy and energy efficiency improvements, with funding collected through a public-purpose charge on Pacific Power and Portland General Electric ratepayers.

Of the funds collected, at least \$10 million per year are allocated to renewable energy projects. The Energy Trust uses these funds to support projects through a loan program, assistance for grant applications, potential co-funding of feasibility analyses, and direct financial support for project development.

For solar installations, the Energy Trust currently offers both a Solar Electric Buy-Down Program and a Solar Hot Water Buy-Down Program, available to residential and commercial projects. For Pacific Power and Portland General Electric customers, the Energy Trust provides cash incentives and resources to install wind turbines up to 50 kW. Homeowners are eligible for incentives up to \$35,000 while businesses can be awarded up to \$60,000. In addition the Energy Trust can provide technical assistance to finance and coordinate installation, however, the organization does not develop, sell or install equipment. In addition, Energy Trust does provide assistance with energy efficiency assessments, and energy users in eligible areas can receive cash incentives and/or rebates for participating in energy audits and weatherization activities.

To be eligible for funding from the Energy Trust, a project must either be developed within the service territory of Pacific Power or PGE, or

have a Power Purchase Agreement for the sale of energy to one of these utilities. The Energy Trust will provide referrals to contractors from their Trade Ally Network. PV systems must be grid-tied and net-metered, and pre-approval is required. Oregon's current net metering size limit is 25 kW. However, larger systems may be eligible for rebates if approved for interconnection by the utility. Learn more about the Energy Trust programs on their website www.energytrust.org.

Business Energy Tax Credit (BETC)

Oregon businesses investing in, among other things, renewable energy projects in Oregon can claim a Business Energy Tax Credit (BETC) equal to 50% of eligible project costs (with eligible costs capped at \$20 million). The 50% credit is taken over five years (10% each year). Any unused credit can be carried forward up to eight years. Alternatively the credit can be taken as a discounted, lump-sum, up-front cash payment from a “pass-through” partner in exchange for the five-year credit. The pass-through option was designed to allow tax exempt entities (e.g. schools) to benefit from the BETC by exchanging the tax credit with taxable businesses able to use the credit, and that is primarily how it has been used to date. Even taxable entities, however, may choose to seek pass-through partners and take the BETC as a lump-sum cash payment. The pass-through cash payment is currently equal to 33.5% of eligible project costs (as opposed to 50% of eligible costs for the five-year tax credit), a discount that is set by the Oregon Department of Energy (which administers the BETC) and is revisited annually. Further information is available online at <http://egov.oregon.gov/ENERGY/CONS/BUS/BETC.shtml>.

Oregon Small-Scale Energy Loan Program

The Oregon Small-Scale Energy Loan Program (SELP) is a state loan program administered by the Oregon Department of Energy for renewable and energy efficiency technologies. The program makes available low-interest loans to individuals, businesses, schools, cities, counties, state and federal agencies, tribes, public corporations, cooperatives, and non-profit organizations and may be taxable or tax-exempt. Tax-exempt financing is available to private parties through the use of Private Activity Bonds. This may be an advantage to borrowers who cannot take advantage of federal tax benefits. Typical loans vary from \$20,000 to \$20 million with varying terms, but terms may not exceed the life of the project. Businesses which qualify for SELP often qualify for BETC as well. <http://egov.oregon.gov/ENERGY/LOANS/index.shtml>

Oregon Renewable Energy Feasibility Fund (REFF)

Oregon's REFF is administered by the Oregon Economic and Community Development Department, and supports feasibility studies for projects that would qualify as “renewable resource projects” under the Oregon BETC program. Cities, counties, county service districts, and tribes are eligible to apply. Funds can be used to evaluate topics such as available renewable resources, siting and permitting requirements, transmission/ interconnection issues, ownership structure, funding mechanisms, economic viability, community acceptance, and/ or to conduct a fatal flaw analysis. A Call for Applications is issued twice annually in the Fall and Spring. The applicant must provide a minimum of 25% of the study costs, with maximum grants of \$50,000. Further information is available at Oregon's Department of Economic

and Community Development website: <http://econ.oregon.gov/>

Idaho

Low Interest Energy Loan Programs

The Idaho Department of Water Resources administers low-interest loan programs for energy efficiency projects, and for active solar, wind, geothermal, hydropower and biomass energy projects. The interest rate is 4% with a 5-year repayment term. Loans are available for retrofit only, with the exception of some renewable resources.

Residential customers may choose one of two loan options: the standard Residential Loan Program or the Home Performance with Energy Star program. Eligible energy efficiency improvements for residential customers under both programs include insulation, electric and gas heating upgrades and water heating system improvements. The Home Performance with Energy Star loan program also provides funds for improvements to windows and air conditioning.

Non-residential customers may undertake projects to improve insulation, windows and doors, heating systems, building commissioning, or custom-designed projects. Specific energy-efficient agricultural equipment may also be eligible. Note that the commercial and industrial loan has a minimum lending amount of \$1,000, but loans for the agricultural and public sectors do not have a minimum loan amount.

Certain restrictions apply to this program. For existing homes or businesses, the savings from reduced usage of conventional fuel must be sufficient to pay for the project's installation cost (e.g. simple payback of 15 years or less). For new

projects, use of a renewable energy resource must be the least cost alternative. Renewable energy projects that are intended to sell the energy generated or the commodity produced are not eligible. While the program's financing requires repayment within five years, this further stipulation for existing homes and businesses states that the project's cumulative energy savings over a fifteen year period must be great enough to offset the cost of the project.

Montana

Alternative Energy Investment Tax Credit

Commercial and net metering alternative energy investments of \$5,000 or more are eligible for a tax credit of up to 35% against individual or corporate tax on income generated by the investment. The credit is applied only against taxes due as a consequence of taxable or net income produced by one of the following:

- A manufacturing plant that is located in Montana and that produces alternative energy generating equipment;
- A new business facility or the expanded portion of an existing business facility for which the alternative energy generating equipment supplies, on a direct contract sales basis, the basic energy needed; or
- The alternative energy generating equipment in which the investment was made, for the credit being claimed.

This credit is available to taxpayers purchasing an existing facility as well as to those building a new facility.

The tax credit must be taken the year the equipment is placed in service; however, any portion of the tax credit that exceeds the amount of tax to be paid may be carried over

and applied against state tax liability for the following 7 years. A credit may be extended through the 15th tax year succeeding the tax year of installation for projects on a Montana Indian reservation that meet other specified criteria. This credit cannot be taken in conjunction with any other state energy or state investment tax benefits, or with the property tax exemption for non-fossil energy property 15-6-201(4).

Alternative Energy Revolving Loan Program

The Alternative Energy Revolving Loan Program (AERLP) provides loans to individuals, small businesses, local government agencies, units of the university system, and nonprofit organizations to install alternative energy systems that generate energy for their own use. The program is funded by air quality penalties collected by the Department of Environmental Quality (DEQ). The program is administered by the Department of Environmental Quality, which is responsible for developing the rules.

Alternative energy systems are defined in MCA 15-32-102 as "the generation system or equipment used to convert energy sources into usable sources." The code goes on to list "fuel cells that do not require hydrocarbon fuel, geothermal systems, low emission wood or biomass, wind, photovoltaic and small hydropower plants (under 1 megawatt) and other recognized non-fossil forms of energy generation." DEQ will provide technical review and approval of systems proposed for the loan program.

In 2005, SB 50 amended the loan program, increasing maximum loan amount to \$40,000 (subject to available funds) and extending the

repayment period to ten years. Additionally, SB 50 added local government agencies, units of the university system, and nonprofit organizations to the list of eligible sectors, and allowed energy conservation measures to be financed when installed with an eligible renewable energy project. Interest rates are set annually and are fixed for the term of the loan. The rate for 2007 is 5.0%.

DEQ will accept and process loan applications throughout the year. Approved projects will be ranked according to the criteria published in the Administration Rules of Montana (ARM) Title 17, Chapter 85, which includes items such as system reliability, return on investment and avoided fossil fuel consumption. Once a loan is approved, the applicant will be informed as to whether funds are currently available, and if not, when new funds are anticipated.

Utility Programs

Throughout the Northwest, many utility companies are offering incentives (often rebates) for renewable energy installations. Programs range across technologies and sectors. Some utilities pass through funds from conservation and weatherization programs as rebates to customers for measures including renewable energy installations. Others may fund demonstration projects on community buildings with funds from voluntary green power purchases. For larger scale projects, some utilities may be a willing partner in terms of both financing and ownership of a renewable energy system.

The Database of State Incentives for Renewables and Efficiency gives information on loan, grant and rebate programs offered by utilities for each

state. <http://www.dsireusa.org/>

In addition, energy planners should contact the local utility directly to see what type of incentive or rebate programs they offer for renewables and efficiency.

Environmental Attributes: Green Tags for Project Funding

Renewable energy projects create electricity without pollution. This, and other incremental values of renewable energy generation, compared to generation from conventional sources such as fossil fuel and nuclear, are often recognized and quantified as the environmental attributes, “Green Tags”, “Renewable Energy Credits” (RECs), or “Tradable Renewable Certificates” (TRCs). These are defined and sold separately from energy. A voluntary national standard exists to ensure consistency in these products. Visit Green-E's web page (www.green-e.org) for more information. One Green Tag is produced with every 1,000 kWh of clean energy, and currently sells for between \$2 and \$5 per tag in the Northwest. Green Tag buyers, such as the Bonneville Environmental Foundation, Green Mountain Energy, or Native Energy, resell to utilities and others interested in supporting renewable energy. Green Tags typically belong to the buyer of the power, depending on the structure of the Power Purchase Agreement. While environmental attributes can often be sold for a substantial amount, the market is quite volatile and sale contracts are often only available for three to five years.

Note that certain incentive programs define the ownership of green tags. Contracts for grants, rebates, or other types of project financing may

include details on Green Tags going to the funding source for part or all of the system's lifetime. Only when the system owner retains ownership of the Green Tags may the entity choose to claim the green values of their energy or to sell the Green Tags and their claims for additional revenue. For larger-scale installations, for which a Power Purchase Agreement is necessary, the Green Tags usually are contracted to belong to the buyer of the power.