

Congressman

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Representing the 11th Congressional District of Pennsylvania

**POTENTIAL FUNDING FOR ENERGY EFFICIENCY AND
RENEWABLE PROJECTS FOR BUSINESS**



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Introduction

Dear Friend:

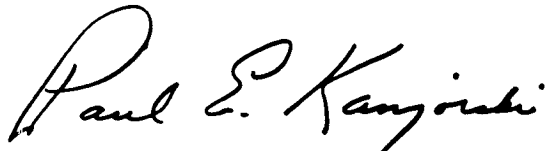
As gas prices hit \$4 per gallon or higher last year, it became clear that energy costs are causing an enormous financial burden on American families and businesses and the United States needs to move toward becoming more energy independent. From my perspective, we need to explore all options as we move to becoming more energy independent. We should consider offshore drilling, expand nuclear energy, and develop clean coal, solar, wind, geothermal, biomass, hydropower and natural gas energy sources.

Over the past several years, Congress has passed numerous pieces of legislation to help spur the development of clean, renewable and more efficient energy. With my support, Congress has worked to provide nearly \$50 billion in grants, loans, loan guarantees and research funding to reduce our dependence on foreign oil and expand renewable energy production.

As is the case with most federal funding, the majority of funding for renewable energy projects is distributed to state governments to administer. In an effort to provide businesses with information about some of the federal and state programs that can help finance renewable energy projects, I have created this guidebook. The contents of this guidebook are by no means comprehensive and should be used to serve as a starting point when seeking funding for your projects.

As always, I stand ready to assist you and hope the information provided in this guidebook proves useful to you. Should you apply for any competitive grants or loans and would like a letter of support for your application, please feel free to contact John Latini on my Washington, DC staff at (800) 222-2346. If you have any questions, comments or concerns, please feel free to contact my office.

Sincerely,



Paul E. Kanjorski
Member of Congress

Grant Opportunities

Rural Energy for America Program Grants/Renewable Energy Systems/Energy Efficiency Improvement Program (REAP/RES/EEI)

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

The U.S. Department of Agriculture Rural Development Agency administers the REAP/RES/EEI Grants Program. This program provides grants for energy audits and renewable energy development assistance. It also provides funds to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy efficiency improvements.

The grants are awarded on a competitive basis and can be up to 25% of total eligible project costs. Grants are limited to \$500,000 for renewable energy systems and \$250,000 for energy efficiency improvements. Grant requests as low as \$2,500 for renewable energy systems and \$1,500 for energy efficiency improvements will be considered. At least 20% of the grant funds awarded must be for grants of \$20,000 or less.

The program is designed to assist farmers, ranchers and rural small businesses that are able to demonstrate financial need. Most rural projects that reduce energy use and result in savings for the agricultural producer or small business are eligible as energy efficiency projects. These include projects such as retrofitting lighting or insulation, or purchasing or replacing equipment with more efficiency units. Eligible renewable energy projects include projects that produce energy from wind, solar, biomass, geothermal, hydro power and hydrogen-based sources. The projects can produce any form of energy including, heat, electricity, or fuel.

For more information about this program, you can visit the USDA Rural Development website at <http://www.rurdev.usda.gov> or <http://www.rurdev.usda.gov/pa/>. In order to apply for these funds, you will need to contact your local office at the following contact information:

Carbon and Monroe Counties

Lehigh Area Office
2211 Mack Blvd.
Allentown, PA 18103-5623
Phone: (610) 791-9810
Fax: (610) 791-9820

Columbia County

Lycoming Area Office
542 County Farm Road, Suite 205
Montoursville, PA 17754-9209
Phone: (570) 433-3006, ext. 4
Fax: (570) 433-3013

Lackawanna and Luzerne Counties

Wyoming Area Office
One Hollowcrest Complex
Tunkhannock, PA 18657-6632
Phone: (570) 836-5111, ext. 4 / Fax: (570) 836-4432

Payments for Specified Energy Property in Lieu of Tax Credits

(<http://www.treas.gov/recovery/1603.shtml>)

As part of an innovative partnership aimed at increasing economic development in urban and rural areas while setting our nation on the path to energy independence, the U.S. Department of the Treasury and the U.S. Department of Energy were provided \$3 billion in the American Recovery & Reinvestment Act (stimulus package) for the development of renewable energy projects around the country.

This program is specifically designed for to help business owners. The program will provide direct payments in lieu of tax credits in support of an estimated 5,000 bio-mass, solar, wind, and other types of renewable energy production facilities.

The Recovery Act authorized Treasury to make direct payments to companies that create and place in service renewable energy facilities beginning January 1, 2009. Previously, these companies could file for a tax credit to cover a portion of the renewable energy project's cost; under the new program, applicants would agree to forgo tax credits down the line in favor of an immediate reimbursement of a portion of the property expense.

To learn more about this program, you should view the above website or to take advance of these funds, you should visit the following website <https://treas1603.nrel.gov/>.

Alternative and Clean Energy Program

(<http://www.newpa.com>)

The Alternative and Clean Energy Program provides financial assistance in the form of grants and loans that will be used by eligible applicants for the utilization, development and construction of alternative and clean energy projects in the Commonwealth. The Program is administered jointly by the Department of Community and Economic Development (DCED) and the Department of Environmental Protection (DEP), under the direction of the Commonwealth Financing Authority.

Grants for manufacturers of alternative and/or clean energy generation equipment or components shall not exceed \$10,000 for every job projected to be created by the business within three years after approval of the grant. Grants for any alternative energy production or clean energy project shall not exceed \$2 million or 50% of the total project cost, whichever is less. The maximum grant amount for an Energy Savings Contract (ESCO). Guarantees: Grants shall not exceed \$5 million and have a term of not more than five years. In the event of a default, the grant will pay up to 75% of the deficiency.

The following applicants are eligible for grants/loans:

- **Businesses** – a corporation, partnership, sole proprietorship, limited liability company, business trust, or other commercial entity approved by the

- Commonwealth Financing Authority. The term shall also include not-for-profit entities.
- **Economic Development Organizations** – a nonprofit corporation or association whose purpose is the enhancement of economic conditions in their community.
 - **Political Subdivisions** – A municipality, county, or school district.

To learn more about this program and for information on how to apply for these funds, you can visit the website above or visit the official guidance document by visiting: <http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/index.aspx?progId=212> .

Pennsylvania Energy Development Authority Grant Program

(<http://www.depweb.state.pa.us/enitech/cwp/view.asp?a=1415&q=504241>)

The Pennsylvania Energy Development Authority (PEDA) offers funding for innovative, advanced energy projects, and for businesses interested in located or expanding their alternative energy manufacturing or production operations in the Commonwealth of Pennsylvania.

The following entities are eligible to apply for grants under this solicitation:

- Corporations, partnerships, associations and other legal business entities;
- Non-profit corporations;
- Pennsylvania colleges and universities; and
- Any Pennsylvania municipality and any public corporation, authority or body whatsoever.

PEDA considers projects such as the manufacturing of alternative energy or energy efficiency equipment or materials; the development of innovative new alternative energy or energy efficiency technologies; the generation of alternative energy or the production of alternative fuels; or the implementation of energy efficiency/demand side projects.

Alternative energy projects means involving any of the following: solar energy; wind; low-impact hydropower; geothermal; biologically derived methane gas, including landfill gas; biomass; fuel cells; coal-mine methane; waste coal; integrated gasification combined cycle; demand management measures, including recycled energy and energy recovery, energy efficiency and loan management.

To learn more about this program and for information on how to apply for these funds, you can view the website above or the official PEDA guidance document by visiting http://www.depweb.state.pa.us/enitech/lib/enitech/peda/2009application/peda_guidelines_2009_7000-bk-dep4241.pdf

High Performance Building Program

(<http://www.newpa.com>)

The High Performance Building Program provides financial assistance in the forms of grants and loans to underwrite the cost premiums associated with the design and construction or major renovation of high performance buildings in the Commonwealth. The program is administered jointly by the Department of Community and Economic Development (DCED) and the Department of Environmental Protection (DEP) under the direction of Commonwealth Financing Agency.

For purposes of this program, a small business is considered to be a for-profit corporation, limited liability company, partnership, proprietorship or other legal business entity located within the Commonwealth of Pennsylvania and having 100 or fewer full-time employees.

The maximum grant under this program shall not exceed \$500,000 or 10% of the total eligible building construction/renovation costs, whichever is less. The maximum loan amount shall not exceed \$2 million for small businesses. An eligible applicant may apply for a grant or a loan, but not both for the same project. The Authority may award grants to applicant that would serve as a guarantee for the financing in the project subject to certain conditions outlined in the guidance document.

This program has a matching funds requirement of \$1 for every \$1 of program funds awarded.

To determine if your project would qualify as a High Performance Building construction project, you will need to view the guidance document provided by the PA Department of Community & Economic Development at <http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/index.aspx?progId=198>.

Pennsylvania Sunshine Program for Small Business

(<http://www.depweb.state.pa.us/pasunshine>)

The Pennsylvania Sunshine Solar Program provides rebates to help fund solar electric (solar photovoltaic) and solar hot water (solar thermal) projects for homeowners and small businesses in Pennsylvania. Funds come from federal and state dollars.

Rebates will be awarded on a first-come-first-served basis to approved applicants. A small business may only submit one photovoltaic and one thermal application at a time and must complete the project and rebate process prior to submitting another application.

Small business applicants must be a for-profit business located within Pennsylvania. To qualify for small business funding, the applicant must be a separate legal entity with no more than 100 full time employees. Agricultural producers of a farm commodity are also eligible.

To learn more about this program and for information on how to apply for these funds, you can view the website above or the official Pennsylvania Department of Environmental Protection Agency guidance document by visiting the following website http://www.depweb.state.pa.us/energIndependent/lib/energIndependent/solar/7000-bk-dep4245_guidelines.pdf.

Solar Energy Program **(<http://www.newpa.com>)**

The Solar Energy Program provides financial assistance in the forms of grants and loans to promote the use of alternative energy in the Commonwealth. The program is administered jointly by the Department of Community and Economic Development (DCED) and the Department of Environmental Protection (DEP) under the direction of Commonwealth Financing Agency.

Eligible Applicants

The following applicants are eligible for grants/loans:

- **Businesses** – a corporation, partnership, sole proprietorship, limited liability company, business trust, or other commercial entity approved by the Commonwealth Financing Authority. The term shall include venture capital firms, solar energy and solar thermal system installers, and other business entities capable of raising a significant amount of capital. The term shall also include not-for-profit entities.
- **Economic Development Organizations** – a nonprofit corporation or association whose purpose is the enhancement of economic conditions in their community.
- **Political Subdivisions** – A municipality, county, or school district

Eligible Projects

The following projects are eligible for grants/loans:

- Solar projects, including facilities to generate, distribute, or store solar energy, as well as manufacturing or assembly facilities for solar panels or other solar equipment. Solar photovoltaic (electric) and solar thermal (hot water) technologies are eligible. Projects must have a useful life of at least four years.
- The development or construction of facilities used for the research and development of technology related to solar energy.

Grants for component manufacturers of solar energy generation equipment up to \$5,000 for every new job created by the business within three years after approval of the grant. Grants for solar energy generation or distribution projects, solar research and development facilities, and solar thermal projects shall not exceed \$1 million or \$2.25 per watt, whichever is less. Grants for planning and feasibility studies shall not exceed 50% of the total cost of the planning project or \$175,000, whichever is less. Guarantees: Grants shall not exceed \$30 million and have a term of not more than five years. In the event of a default, the grant will pay up to 75% of the deficiency.

For the purpose of this program, a business is considered a corporation, partnership, sole proprietorship, limited liability company, business trust, or other commercial entity approved by the Commonwealth Financing Authority. The terms shall include venture capital firms, solar energy and solar thermal system installers, and other business entities capable of raising a significant amount of capital. The terms shall also include not-for-profit entities.

To learn more about this program and for information on how to apply for these funds, you can view the website above or view the official guidance document by visiting:

<http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/index.aspx?progId=197>

Renewable Energy Program –Geothermal and Wind Projects

<http://www.newpa.com>

The Renewable Energy Program provides financial assistance in the forms of grants and loan funds to promote the use of alternative energy through Geothermal and Wind Projects. The program is administered jointly by the Department of Community and Economic Development (DCED) and the Department of Environmental Protection (DEP) under the direction of Commonwealth Financing Agency.

Grants for component manufacturers of renewable energy generation equipment up to \$5,000 for every new job created. Grants are available for geothermal systems or wind energy generation or distribution projects up to \$1 million. Grants are available for planning and feasibility studies up to 50% of the total cost of the planning project or \$175,000, whichever is less. Guarantees: Grants shall not exceed \$5 million and have a term of not more than five years. In the event of a default, the grant will pay up to 75% of the deficiency.

This program has a matching funds requirement of \$1 for every \$1 of funds awarded.

Eligible Applicants

The following applicants are eligible for grants/loans:

- **Businesses** – a corporation, partnership, sole proprietorship, limited liability company, business trust or other commercial entity approved by the Commonwealth Financing Authority. The term shall include not-for-profit entities.
- **Economic Development Organizations** – A non-profit corporation or association whose purpose is the enhancement of economic conditions in their community.
- **Political Subdivisions** – Includes municipalities, counties, and school districts.

Eligible projects are Geothermal Technologies, including closed loop geothermal heat pump systems that use the ground, ground water and underground mine water as an energy source and Wind Energy, including facilities to produce or distribute wind generated energy as well as manufacturing facilities for wind turbines and other energy components.

To learn more about this program and for information on how to apply for these funds, you can view the website above or view the official guidance document by visiting: <http://www.newpa.com/find-and-apply-for-funding/funding-and-program-finder/funding-detail/index.aspx?progId=191>.

Alternative Fuels Incentive Grant Program (AFIG)

<http://www.depweb.state.pa.us/enintech/cwp/view.asp?a=1412&q=502176>

The AFIG Program goals are to improve Pennsylvania's air quality and reduce consumption of imported oil through the use of homegrown alternative fuels. This program is administered through the Pennsylvania Department of Environmental Protection (DEP).

DEP is seeking applications for innovative, advanced fuel and vehicle technology projects resulting in cleaner advanced transportation. Eligible projects include:

- Retrofitting vehicles to operate on alternative fuels (fleet only)
- Incremental cost of the purchase of a bi-fuel, dual-fuel hybrid or dedicated vehicle (fleet only)
- Cost to install fleet refueling equipment for dedicated vehicles
- Next phase research, training and development related to alternative fuel vehicles

For more information and to learn how to apply for these funds, you should visit the above website.

Clean Coal Power Initiative

<http://fossil.energy.gov/programs/powersystems/cleancoal/>

The U.S. Department of Energy (DOE) administers the Clean Coal Power Initiative. This initiative provides government co-financing for new coal technologies that can help utilities cut sulfur, nitrogen and mercury pollutants from power plants. Also, some of the early projects are showing ways to reduce greenhouse emissions by boosting the efficiency by which coal plants convert coal to electricity or other energy forms.

The objective is to demonstrate advanced coal-based technologies that capture and sequester, or put to beneficial use, CO₂ emissions. The U.S. Department of Energy's goals are to demonstrate at commercial scale in a commercial setting, technologies that (1) can achieve a minimum of 50% CO₂ capture efficiency and make progress toward a

target CO₂ capture efficiency of 90% in a gas stream containing at least 10% CO₂ by volume, (2) make progress toward capture and sequestration goal of less than 10% increase in the cost of electricity (COE) for gasification systems and less than 35% for combustion and oxycombustion systems all as compared to current (2008) practice, and (3) capture and sequester or put to beneficial use a minimum of 300,000 tons per year of CO₂ emissions using a thirty day running average to determine if the project successfully meets the CO₂ capture efficiency and the capture and sequestration or beneficial use rate requirements of the program.

DOE anticipates award of multiple Cooperative Agreements. The cost-share by the recipient must be at least 50% for each phase under the Cooperative Agreement, and DOE expects the recipient's share to be proportionately greater than 50% for projects with reduced technological risk or reduced uncertainty.

Demonstrations selected must address needs not met by the private sector, promote technologies that have not been proven commercially, have wide applicability to the existing power plant fleet, and provide substantial public benefit. Demonstrations must "raise the technology bar" over existing technologies in terms of efficiency, environmental performance, and cost to ensure that significant advances are achieved.

To learn more about this program and for information on how to apply for these funds, you can view the website above or view the official Department of Energy guidance document by visiting the following website: <http://www.energy.gov/recovery/documents/vDE-FOA-0000042.pdf>.

Loans & Loan Guarantees

U.S. Department of Energy Loan Guarantee Program

<http://www.lgprogram.energy.gov/index.html>

The U.S. Department of Energy's Loan Guarantee Program paves the way for federal support of clean energy projects that use innovative technologies, and spurs further investment in these advanced technologies.

Established under Title XVII of the Energy Policy Act of 2005, the Secretary of Energy is authorized to make loan guarantees to qualified projects in the belief that accelerated commercial use of these new or improved technologies will help to sustain economic growth, yield environmental benefits, and produce a more stable and secure energy supply.

A principal purpose of the Title XVII loan guarantee program is to encourage early commercial use in the United States of new or significantly improved technologies in energy projects. DOE's loan guarantee program is not intended for technologies in research and development. DOE believes that accelerated commercial use of new or improved technologies will help to sustain economic growth, yield environmental benefits, and produce a more stable and secure energy supply.

Title XVII specifies that DOE must receive either an appropriation for the Subsidy Cost or payment of that cost by the borrower. The Subsidy Cost is the expected long-term liability to the Federal government in issuing the loan guarantee. No funds have been appropriated for the Subsidy Cost of loan guarantees. Therefore, DOE anticipates that the borrower (the sponsors) of a project approved to receive loan guarantee pursuant to the first solicitation will pay this cost.

In the first round, DOE evaluated loan guarantee pre-applications for projects that employed technologies in the following areas:

- Biomass
- Hydrogen
- Solar
- Wind and Hydropower
- Advanced Fossil Energy Coal
- Carbon Sequestration practices and technologies
- Electricity Delivery and Energy Reliability
- Alternative Fuel Vehicles
- Industry Energy Efficiency Projects
- Pollution Control Equipment

To learn how to apply for these funds, you should visit the above website.

Rural Energy for America Program Guaranteed Loan Program
(REAP LOAN)

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

The REAP Guaranteed Loan Program encourages the commercial financing of renewable energy (bioenergy, geothermal, hydrogen, solar, wind and hydro power) and energy efficiency projects. Under the program, project developers will work with local lenders, who in turn can apply to USDA Rural Development for a loan guarantee up to 85 percent of the loan amount.

Guaranteed Loan Specifications

Loans Limits:

- Loans up to 75% of the project's cost
- Maximum of \$25 million, minimum of \$5,000

Maximum percentage of guarantee (applies to whole loan):

- 85% for loan of \$600,000 or less
- 80% for loans greater than \$600,000 but \$5 million or less
- 70% for loans greater than \$5 million up to \$10 million
- 60% for loans greater than \$10 million up to \$25 million

Borrowers must be an agricultural producer or rural small business. Agricultural producers must gain 50% or more of their gross income from their agricultural operations. An entity is considered a small business in accordance with the Small Business Administration's (SBA) small business size standards NAICS code. (<http://www.sba.gov/size/index.html>). Most lenders are eligible, including national and state-chartered banks, Farm Credit System banks and savings and loan associations. Other lenders may be eligible if approved by USDA.

Eligible Project Costs

Eligible project costs include: 1) Post-application purchase and installation of equipment, 2) Post-application construction or improvements, 3) Energy audits or assessments, 4) Permit or license fees, 5) Professional service fees, 6) Feasibility studies and technical reports, 7) Business plans, 8) Retrofitting, 9) Construction of a new energy efficient facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility, 10) Working capital, 11) Land acquisition.

In order to apply for these funds, you will need to contact your local Rural Development office. You can find each office's contact information on page 3 of this guidebook.

Business and Industry Guaranteed Loans (B&I)
(http://www.rurdev.usda.gov/rbs/busp/b&I_gar.htm)

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.

The B&I Guaranteed Loan Program differs from the Rural Energy for America Program Guaranteed Loan and Grant. To assist you in determining which program best fits your needs, Rural Development created a comparison chart that identifies the programs common and distinct requirements in an easy to read format. The comparison chart can be found at http://www.rurdev.usda.gov/rbs/busp/9006_BI_Comparison_with_energy.doc

Under the B&I Guaranteed Loan Program, a borrower may be a cooperative organization, corporation, partnership, or other legal entity organized and operated on a profit or nonprofit basis; an Indian tribe on a Federal or State reservation or other federally recognized tribal group; a public body; or an individual. A borrower must be engaged in or proposing to engage in a business that will:

- Provide employment;
- Improve the economic or environmental climate;
- Promote the conservation, development, and use of water for aquaculture; or
- Reduce reliance on nonrenewable energy resources by encouraging the development and construction of solar energy systems and other renewable energy systems.

Individual borrowers must be citizens of the United States (U.S.) or reside in the U.S. after being legally admitted for permanent residence. Corporations or other nonpublic body organization-type borrowers must be at least 51 percent owned by persons who are either citizens of the U.S. or reside in the U.S. after being legally admitted for permanent residence. B&I loans are normally available in rural areas, which include all areas other than cities or towns of more than 50,000 people and the contiguous and adjacent urbanized area of such cities or towns.

The purposes of the B&I Guaranteed Loan Program include but are not limited to:

- 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
- Purchase of equipment, leasehold improvements, machinery, supplies, or inventory.

The percentage of guarantee of the loan, up to the maximum allowed, is a matter of negotiation between the lender and the Agency. The maximum percentage of guarantee is 80 percent for loans of \$5 million or less, 70 percent for loans between \$5 and \$10 million, and 60 percent for loans exceeding \$10 million.

The total amount of Agency loans to one borrower must not exceed \$10 million. The Administrator may, at the Administrator's discretion, grant an exception to the \$10 million limit for loans of \$25 million under certain circumstances. The Secretary may approve guaranteed loans in excess of \$25 million, up to \$40 million, for rural cooperative organizations that process value-added agricultural commodities.

The maximum repayment for loans on real estate will not exceed 30 years; machinery and equipment repayment will not exceed the useful life of the machinery and equipment purchased with loan funds or 15 years, whichever is less; and working capital repayment will not exceed 7 years.

The interest rate for the guaranteed loan will be negotiated between the lender and the applicant and may be either fixed or variable as long as it is a legal rate. Interest rates are subject to Agency review and approval. The variable interest rate may be adjusted at different intervals during the term of the loan, but the adjustments may not be more often than quarterly.

In order to apply for these funds, you will need to contact your local Rural Development office. You can find each office's contact information on page 3 of this guidebook.

Tax Credits & Bonds

Clean Renewable Energy Bonds (CREBs)

The Energy Policy Act of 2005 created a tax-credit bond to finance qualified renewable energy facilities. These bonds are unique because unlike normal bonds, CREBs are tax credit bonds and they pay the bondholders by providing a credit against their federal income tax. In effect, the CREBs will provide interest-free financing for certain renewable energy projects. Since the federal government essentially pays the interest via tax credits, the Internal Revenue Service (IRS) needs to allocate such credits in advance to the lending authorities.

Qualified facilities are those that generate electricity from the following sources: wind; closed-loop biomass; open-loop biomass; geothermal; small irrigation; hydropower; landfill gas; marine renewable; and trash combustion facilities.

A qualified borrower includes any mutual or cooperative electric company and any State, territory, possession of the United States, the District of Columbia, Indian tribal government and any political subdivision thereof.

Qualified projects include any “qualified facility,” (other than Indian coal facilities) without regard to any required placed in service date, and specifically include:

- Wind Facilities
- Closed-Loop Biomass Facilities
- Open- Loop Biomass Facilities
- Geothermal or Solar Energy Facilities
- Small Irrigation power Facilities
- Landfill Gas Facilities
- Trash Combustion Facilities
- Refined Coal Production Facilities
- Qualifying Hydropower Facilities

For more information about Clean Renewable Energy Bonds, you should view the Internal Revenue Service (IRS) guidance document at <http://www.irs.gov/pub/irs-drop/n-09-29.pdf>.

Qualified Energy Conservation Bonds

The Qualified Energy Conservation Bonds are tax credit bonds that are similar to Clean Renewable Energy Bonds. These bonds are available for a different type of qualified renewable energy project.

The definition of qualified energy conservation projects is fairly broad and contains elements relating to energy efficiency capital expenditures in public buildings; renewable

energy production; various research and development applications; mass commuting facilities that reduce energy consumption; several types of energy-related demonstration projects; and public energy efficiency education campaigns.

The American Recovery and Reinvestment Act provided \$2.4 billion and modifies this bond program so that qualified energy conservation bonds may be issued to make loans and grants for capital expenditures to implement green community programs and can be used for programs in which utilities provide ratepayers with energy-efficient property and recoup the costs of that property over an extended period of time. The \$3.2 billion in total national bond volume cap shall be allocated by the Department of the Treasury among the States in proportion to the population of the States.

For further information, please visit <http://www.irs.gov/pub/irs-drop/n-09-29.pdf>

ENERGY STAR Tax Credits

ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping individuals and business save money and protect the environment through energy efficient products and practices. The program provides a 30% tax credit for qualified energy efficiency improvements during the taxable year. A flat tax credit rate cap of \$1,500 applies for all qualifying purchases.

Whether you own your building or are a tenant, you typically need lighting, heating, air conditioning, power for office equipment, and other services to stay in business. With free, unbiased information and technical support from ENERGY STAR, you can more easily improve your company's financial performance by reducing energy waste and energy costs, while protecting the earth's environment.

For information about ENERGY STAR for Small Business, you should view the official website at http://www.energystar.gov/index.cfm?c=small_business.sb_index.

In addition, you can view the official ENERGY STAR website by visiting <http://www.energystar.gov> or calling the ENERGY STAR Hotline at (888) 782-7937 to learn to how access these credits.

Alternative Fuel Vehicle Refueling Property Credit

The alternative refueling property credit provides a tax credit to businesses (example: gas stations) and individuals that install alternative fuel pumps, such as fuel pumps that dispense E-85 fuel, electricity, hydrogen, and natural gas.

The American Recovery and Reinvestment Act increases the current 30% alternative refueling property credit for businesses (capped at \$30,000) to 50% (capped at \$50,000). Hydrogen refueling pumps would remain at a 30% credit; however, the cap for hydrogen refueling pumps is increased to \$200,000. In addition, the Recovery Act increases the alternative refueling property credit for individuals from 30% to 50% (capped at \$2,000).

Alternative fuel vehicle refueling property constitutes property for the storage or dispensing of a clean burning vehicle fuel such as propane, but only if the storage or dispensing of the fuel is at the point where such fuel is delivered in the fuel tank of the motor vehicle. Under the provision, qualifying fuels are defined as any fuel with at least 85% volume consisting of ethanol, natural gas, CNG, LNG, LPG, and hydrogen and any mixture of diesel fuel and biodiesel containing at least 20% biodiesel. Motor vehicle is defined as one which is primarily used on “public roads, and highways (not including a vehicle operated exclusively on a rail or rails) and which has at least 4 wheels.

In previous years, individuals who were seeking this tax credit had to submit an Internal Revenue Service (IRS) Form 8911 when they filed their taxes. The following website provides guidance on how the tax credit was administered in 2007, http://www.irs.gov/irb/2007-22_IRB/ar10.html.

To date, no further details have been released about this program. I encourage you to visit the Internal Revenue Service (IRS) website at <http://www.irs.gov> and <http://www.recovery.gov> in the coming weeks for more information.

Advanced Energy Manufacturing Tax Credit

The American Recovery and Reinvestment Act established a new 30% investment tax credit for facilities engaged in the manufacturing of advanced energy project. A qualified advanced energy project is project that re-equips, expands, or establishes a manufacturing facility for the production of property designed to be used:

- To produce energy from the sun, wind, or geothermal deposits or other renewable resources
- Fuel cells, microturbines, or an energy storage system for use with electric or hybrid-electric motor vehicles
- Electric grids to support the transmission of intermittent sources of renewable energy, including storage of such energy
- Property designed to capture and sequester carbon dioxide
- Property designed to refine or blend renewable fuels (excluding fossil) or to produce energy conservation technologies
- Other advanced energy property designed to reduce greenhouse gas emissions as determined by the Secretary

It should be noted this tax credit does not support energy generation projects, but rather the manufacturing facilities that support generation and conservation.

For more information and to learn how to take advantage of this program, you should visit the Advanced Energy Manufacturing Tax Credit website administered by the U.S. Department of Energy at <http://www.energy.gov/recovery/48C.htm>.

Alternative Energy Production Tax Credit

<http://www.dep.state.pa.us>

Pennsylvania's Alternative Energy Investment Act of 2008, signed into law by Governor Edward G. Rendell on July 9, 2008 established the Alternative Energy Production Tax Credit. This tax credit is available to taxpayers who develop or construct alternative energy production projects located in the Commonwealth of Pennsylvania with a useful life of at least four years. The program provides for a tax credit of 15% of the total amount of all Development, Equipment and Construction costs of the project, after all other grants and subsidies are subtracted, up to \$1 million per taxpayer.

Eligible Applicants:

Any Pennsylvania taxpayer who developed or constructed a qualifying alternative energy production project located in the Commonwealth of Pennsylvania during the stated period.

Eligible Projects:

See the application materials for guidance for qualifying Alternative Energy Sources and a complete description of eligible projects, however a wide range of projects could be eligible including projects that:

- Produce or distribute Alternative Energy.
- Manufacture or produce products that provide alternative energy or fuels or improve energy efficiency or conserve energy, which meet the requirements for and are registered with the U.S. EPA Energy Star Program.
- Research or develop technology to provide alternative energy sources or alternative fuels as defined by the Alternative Energy Portfolio Standards Act.
- Develop or enhance the transportation of alternative fuels by rail.
- Improve the efficiency of locomotives.

Funding Amounts:

A Pennsylvania Tax Credit of 15% of the net cost (after all other rebates and incentives) of a qualifying project up to a maximum of \$1 million per project. Individual tax credits are subject to pro-rata to meet the legislative \$5 million program maximum.

Where to Apply:

Applications and guidance materials can be found at www.dep.state.pa.us keyword "Alternative Energy Tax Credit".

Additional Information

- U.S. Department of Energy: <http://www.energy.gov>
- U.S. Department of Energy, Office of Energy Efficiency & Renewable Energy: <http://www.eere.energy.gov/>
- U.S. Department of Energy, Office of Energy Efficiency & Renewable Energy Office of Business Administration: <http://www1.eere.energy.gov/ba/>
- Financial Opportunities for Business, Industry, and Universities through the U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy: <http://www1.eere.energy.gov/financing/business.html>
- U.S. Department of Energy, Energy Efficiency & Renewable Energy Financial Opportunities: <http://www1.eere.energy.gov/financing/>
- Internal Revenue Service (IRS) information on Energy Incentives for Businesses in the American Recovery and Reinvestment Act (stimulus package): <http://www.irs.gov/newsroom/article/0,,id=209564,00.html>
- Pennsylvania Department of Environmental Protection: <http://www.dep.state.pa.us>
- PA Department of Environmental Protection Agency Office of Energy & Technology Deployment: <http://www.depweb.state.pa.us/energy/cwp/view.asp?a=3&q=482723>
- The Database of State Incentives for Renewable & Efficiency (DSIRE) is a comprehensive source of information on state, local, utility and federal incentives. (<http://www.dsireusa.org/>)
- The Tax Incentives Assistance Project (TIAP) is sponsored by a coalition of public interest non-profit groups, government agencies, and other organizations in the energy efficiency field. TIAP gives consumers the information they need to make use of federal income tax incentives for energy efficient products and technologies. (<http://energytaxincentives.org/>)
- Primary source for all federal grants (<http://www.grants.gov>)
- Catalog for Federal Domestic Assistance (<http://www.cfda.gov>)