




Alternate Energy Revolving Loan Program (AERLP)





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ALTERNATE ENERGY REVOLVING LOAN PROGRAM (AERLP)

Encouraging the Development of Alternate Energy Production Facilities in Iowa










AERLP Program Background

- **Created by Iowa legislature in May 1996**
 - 1997 Iowa Code, Section 476.46
 - Amendment to the 1990 Iowa Energy Efficiency Act
- **Funded via**
 - Iowa's investor-owned utilities through 3-year special assessment on gross intrastate revenues
 - 0.085% of gross electric and gas intrastate operating revenues during 1995-1997
 - \$5.9 million base funding
- **Legislatively amended in 2002**
 - to permit up to half of the accrued interest income to be spent for program administration & promotion







AERLP Program Highlights

<p>■ AERLP Funds</p> <ul style="list-style-type: none"> • up to 50% of the financed project cost • \$250,000 maximum¹ • 0% interest rate¹ • 20 year maximum term¹ • negotiated repayment schedule • repayments revolved back into fund for further loans¹ 	<p>■ Lender Funds</p> <ul style="list-style-type: none"> • matching funds not less than AERLP • market rate interest rate • loan term not less than AERLP term • repayment collection & distribution to AERLP
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¹ Legislated conditions






AERLP Eligible Technologies


- Hydroelectric
- Wind
- Solar
 - Photovoltaic
 - Hot water
- Biomass
 - Waste or refuse to fuels
 - Agricultural crops to fuels
 - Biomass feedstocks to fuels
 - Landfill gas recovery
- Ineligible Technologies
 - Passive solar
 - Geothermal systems
 - Heat pumps





Program Eligibility

- All individuals and groups who want to build alternate energy production facilities in Iowa
- Exceptions: gas and electric utilities that are not required to be rate regulated






AERLP Description


- **Revolving fund structure**
- **Competitive application process**
- **Funds are leveraged against matching funds**
- **Managed partnership with the banking community**
 - Technical Qualification by the IEC
 - Financial Qualification by the lender
 - Lender originates and services a single AERLP loan
 - Participation Agreement
- **Owner reporting requirements**
 - Owners Agreement






Participation Agreement


- **Contracting document between the Energy Center and the lender**
- **Single promissory note**
 - Combines interest bearing and non-interest bearing instruments
- **Defines terms and conditions**
 - Repayment schedule
 - Collateral
 - Default position

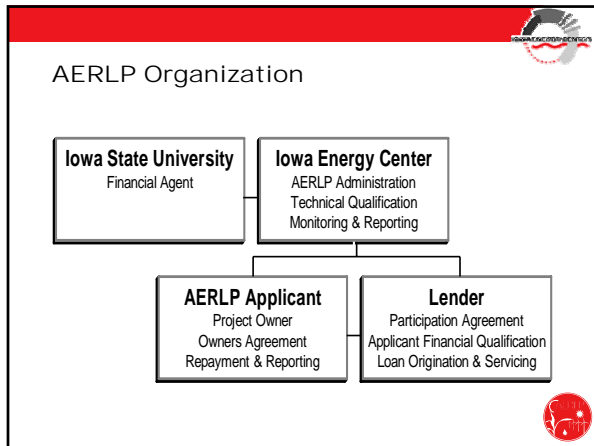




AERLP Owner Agreement

- **Owner responsibilities**
 - **Develop, install and operate alternate energy production facility (AEPF)**
 - **Start-up Report**
 - equipment specifications
 - actual project costs
 - reasons for installing and expectations
 - construction difficulties
 - **Annual Report**
 - energy production attributable to AEPF
 - operational and maintenance costs
 - general assessment of project
 - **Privacy waiver regarding AEPF information**





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- AERLP Projects**
- **Residential**
 - Small wind turbines
 - Photovoltaics & solar hot water
 - Corn & woodburning stoves/furnaces
 - **Commercial & Industrial**
 - Large wind turbines
 - Livestock manure digestion to power
 - Ethanol production
 - Biodiesel production
 - Hydroelectric power
 - Refuse waste to heat/power

AERLP & USDA Title 9006 Funds Leveraged

<u>Example 1</u>	<u>Example 2</u>
■ Project Cost = \$100,000	■ Project Cost = \$1,000,000
■ USDA Grant = \$ 25,000	■ USDA Grant = \$ 250,000
■ Financed Cost = \$75,000	■ Financed Cost = \$ 750,000
■ AERLP Funds = \$37,500	■ AERLP Funds = \$ 250,000
■ Balance to be borrowed = \$37,500	■ Balanced to be borrowed = \$500,000

For More Information



■ **Iowa Energy Center's Web site**

<http://www.energy.iastate.edu>

■ **Contact Energy Center**

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