Maximizing PV Project Return on Investment
Alternate Energy Revolving Loan Program (AERLP)

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Solar Energy Incentives

- Federal Investment Tax Credit
  - 30% of eligible costs; no limit
  - Solar energy phase out: 2021 (26%) 2022 (22%); after 2022 (10%)
- Iowa Solar Energy Income Tax Credit
  - 50% of federal income tax credit (15% of eligible costs)
  - $5,000 limit for households, $20,000 limit for businesses
  - Annual State allocation ($5 million for FY16)
    - Must apply for the credit through IA Dept. of Revenue
    - SSB-3080 would increase allocation to $7.5 million in FY17
  - Sunset at end of 2016 for households
  - Converts to 50% of federal after 2016 for business
- Accelerated Depreciation for business
- USDA – Rural Energy for America Program (REAP)
- Alternate Energy Revolving Loan Program
- Database of State Incentives for Renewables & Efficiency
  - www.dsireusa.org
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
  - in 2008 to increase the maximum loan amount to $1 million
  - in 2009 to allow municipal utilities and REC eligibility
  - in 2009 to supplement base funding by $10 million ($5 million in 2009 & 2010)
AERLP Program Highlights

**AERLP Funds**

• up to 50% of the financed project cost
• $1 million maximum, $500,000 for Muni’s & REC’s
• 0% interest rate
• 20 year maximum term
• negotiated repayment schedule
• repayments revolved back into fund for further loans

**Lender Funds**

• matching funds not less than AERLP
• market rate interest rate
• loan term not less than AERLP term
• repayment collection & distribution to AERLP
Program Eligibility

- All individuals and groups who want to build alternate energy production facilities in Iowa
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 (ie. ground source heat pumps)
- Heat pumps
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
Application Process

- **Download from Energy Center website**
  - Guidelines
  - Technical application & instructions
  - Lender resources

- **Deadlines**
  - Small projects (<= $25,000) – continuous
  - Large Projects (> $25,000) – quarterly
    - Jan 31, April 30, July 31, Oct 31

- **Competitive ranking criteria**
  - Technical application
  - Loan term requested
  - Simple payback calculation less incentives
Iowa Energy Center Home Series
Book 5 - Solar PV Energy Guide

- How to booklet for residential/small commercial solar PV
  - 32 pages
- Collaborative Effort and Authors
  - Alliant Energy
  - Iowa Association of Electric Cooperatives
  - Iowa Association of Municipal Utilities
  - Iowa Energy Center
  - Iowa Utilities Board
  - MidAmerican Energy Co.
  - Office of Consumer Advocate
- Available on the Iowa Energy Center website
  - Learning Institute
For More Information

- Iowa Energy Center’s Web site
  http://www.iowaenergycenter.org

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