

WI Department of Commerce Accepting Applications Now for Manufacturing Renewable and Energy Efficiency Projects

The Wisconsin Department of Commerce is now accepting submissions for the Clean Energy Business Loan Program funded from the Recovery Act. While no deadline has yet been set for submitting applications for the program, please do so soon if you are interested.

The Department of Commerce will, when receiving your “Request for Qualifications” (a pre-screen application), also check your eligibility for other programs administered by the Commerce Department.

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

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

Related Resources

[Wisconsin Office of Recovery and Reinvestment](#)

[Wisconsin Office of Energy Independence](#)

[Federal Grants](#)

[Financial Incentives for the Production of Clean Energy \(pdf\)](#)

[Focus on Energy](#)

[Federal Recovery website](#)

[US Department of Energy](#)

[Tax Provisions \(IRS\)](#)

[USDA Rural Development \(Business, Ag and Community Programs\)](#)

[Small Business Administration 90% Loan Guaranty Program](#)

Wisconsin will strategically deploy \$55 million in SEP-ARRA funds to support clean energy business development. Governor Doyle has directed that projects funded from SEP-ARRA dollars are both effective and enduring. Creation of jobs in the short term is the immediate goal of SEP-ARRA; but, in addition, the program goals are to invest in projects that will ensure not only short-term job creation, but development of businesses that will create clean energy jobs for decades. Manufacturing is a critical industry in Wisconsin, which leads the U.S. in percentage of non-farm employment.

Specifically, the program will target low-interest loans to businesses that promote:

- major renewable energy production projects;
- the manufacture of clean energy products;
- advanced manufacturing of clean energy components;
- retooling to provide component parts and other critical needs for a successful, totally integrated supply chain;
- improving industrial users' competitiveness through energy efficiency and renewable energy deployment.

A key objective with SEP-ARRA funds is to leverage private sector investment.

Eligible Applicants

Eligible SEP-ARRA loan recipients are for-profit manufacturing businesses (as classified under sec. 70.995(2) Wis. Stats) locating or expanding in Wisconsin. To see a list of manufacturing businesses, visit <http://www.revenue.wi.gov/html/pubmanuf.html>

Eligible Projects

1. Job Creation and Retention Through Clean Energy Advanced Manufacturing:

Wisconsin will invest in businesses that will create or retain significant numbers of full-time jobs in businesses that manufacture clean energy products (for example wind, solar, biofuels, and advanced electrical storage systems) or otherwise help reduce the consumption of fossil fuels. Some examples of projects include but are not limited to: purchasing lactose digester equipment to convert lactose in whey wastewater to methane; provide auto manufacturers with energy-efficiency equipment improvements, controls or other equipment, tools and machinery necessary to produce high mileage vehicles; providing energy control systems, energy efficiency equipment and other equipment needed to produce cellulosic ethanol in an idle paper mill; providing funds for the equipment, inventory, control systems, energy efficiency equipment and other machinery for expansion of a solar PV plant; and increasing the production/manufacturing capacity of advanced battery storage system manufacturers by providing funds that support materials, inventory, and equipment.

Project Example: *A major solar PV manufacturer is seeking financial assistance from Wisconsin to establish a new PV panel component and assembly (manufacturing) plant in the state. The company intends to create 80 FTE high wage jobs in its first year, and the remodeling of an existing building will create 100 construction jobs for 8 months. The total capital investment in the new facility will be \$30,000,000. The company seeks a \$750,000 SEP-ARRA loan to purchase specialized equipment for the plant. The company will also purchase its glass from existing glass suppliers in Wisconsin.*

2. Job Creation and Retention through Clean Energy Supply Chain Development:

Wisconsin will invest in advanced manufacturing of clean energy components and assist companies in retooling to provide component parts and other critical needs for a successful, totally integrated supply chain for wind turbines, solar PV and water heating equipment, renewable fuel production equipment, digester equipment, diesel idling reduction equipment, advanced energy efficient lighting products, energy efficiency equipment and products. This group of projects will focus on creating manufacturing supply chains that result in clean energy technology components and green jobs now- and in the future-after the Recovery Act programs have ended.

Project Example: *An auto parts manufacturer that has suffered significant layoffs due to the closure of assembly plants has identified customers for wind turbine electrical components. The company requires a \$2 million machine that will produce these parts, as well as working capital for new inventories of materials for manufacturing the parts. The company has letters of interest from several wind turbine vendors and assembly businesses for these parts. The company will immediately rehire 20 employees on layoff, and create 20 more jobs over the next two years. The company will supply \$1.5 million of equity and debt financing for the equipment purchase and is seeking a \$500,000 SEP-ARRA loan.*

3. **Job Creation and Retention through Industrial Facilities Reduction of Fossil Fuel Use:** Wisconsin will improve the competitiveness of its businesses through energy efficiency and renewable energy deployment. Projects in this category include boiler efficiency upgrades, fuel conversion projects from fossil fuel to biomass, and additions of renewable energy to industrial processes. Wisconsin will use SEP-ARRA dollars to identify the best opportunities for energy savings in large commercial and industrial facilities and fund those projects that will produce the most strategic energy savings and job creation/retention prospects.

Project Example: *A major food processor will install a dry fermentation digester to convert its liquid and solid food waste to biogas for process heat in its meat processing facility. The \$4 million in equipment will also reduce its water and wastewater costs by 75%. In addition, the company will use a utility shared savings program to relamp all the lighting fixtures in the building. The annual energy savings from the project will be approximately \$400,000, water savings will be \$100,000, 40 jobs will be retained and 10 new positions created. The total costs of the project will be \$4.5 million. The company is able to finance \$3 million through a private lender, and the shared savings program will finance \$500,000. The company is seeking \$1 million SEP-ARRA loan.*

Up to \$5 million in this category is available for energy-producing technology in Wisconsin's cheese industry, a signature industry in our state. These projects will focus on technologies that produce energy from food waste or waste whey water from cheese plants and convert the lactose therein to methane. This is one specific technology but there are others that could be used in the cheese industry.

Application Process

SEP-ARRA funds will be processed and awarded competitively on a continuous first come, first served basis.

A prospective SEP-ARRA business seeking funding has two options:

1. Contact the Commerce Area Development Manager (ADM) for your location who will assess your project and determine whether it is a fit for SEP-ARRA or other resources. If so, your ADM will assist you in completing a Commerce application.

OR

2. Complete the Request for Qualification prescreen and email as an attachment to comsep-arra@wisconsin.gov. Your project will be promptly evaluated, and those that appear to meet initial eligibility guidelines and preliminary underwriting thresholds will be invited to submit a complete application for review, which will include submittal of a complete business or project plan, and detailed financials.

Full and complete applications received through either option will be reviewed and underwritten by Commerce loan officers to determine a funding recommendation. **Please note that submitting a complete application for review does not guarantee funding, or the level of funding requested. We expect demand for these funds to far outweigh available resources.**

Underwriting Guidelines

Commerce staff will underwrite projects using standard capital financing guidelines.

In addition, SEP-ARRA prospects will be evaluated based on the impact of energy savings and energy production potential. Also, we are required by the Department of energy to calculate greenhouse gas emissions reductions from all three categories of projects. To help you determine your project's potential energy impact please refer to the EPA's energy calculator.

Other Considerations

Prioritization

The Recovery Act requires expedient use of funds for maximum benefit. Special consideration will be given to projects that have obtained other necessary financing pieces, have zoning and environmental permits and clearances, and are otherwise ready to begin.

Finance Terms and Conditions

Interest Rate

The Department of Commerce will provide below market interest at a fixed rate of 2% for the life of the loan.

Terms (up to one year deferral)

1. Equipment: 5 to 10 years
2. Working Capital: 5 to 7 years

Loans are intended to be gap financing and typically will not exceed 25 percent of project costs.

Award terms will include specific collateral requirements and the personal guarantees of all individuals with an ownership interest of 20 percent or more.

Special ARRA Considerations/Accountability

Please note that the American Recovery and Reinvestment Act contains new and rigorous accountability and transparency provisions designed to prevent fraud, waste and abuse and to ensure that the American people can be informed about how their money is being spent.

If you still have questions about the State Energy Program, browse these frequently asked questions. For general questions about the program, send an email to COMSEP-ARRA@wisconsin.gov.