

The Energy Infrastructure Revolving Loan Program (EIRLP) is administered pursuant to Iowa Code section 476.46A as enacted by [2021 Iowa Acts, Senate File 619](#). The EIRLP administrative rules can be found in Iowa Administrative Code section 261.406.

The Energy Infrastructure Revolving Loan Program (EIRLP) was enacted in the 2021 Iowa legislative session and is administered by the Iowa Energy Center (IEC) within the Iowa Economic Development Authority (IEDA). The program can provide loans for the development and construction of energy infrastructure. Energy infrastructure is defined in Iowa Code as “land, buildings, physical plant and equipment, and services directly related to the development of projects used for, or useful for, electricity or gas generation, transmission, storage or distribution.” Additional information about eligible projects can be found later in this document. Applicants are encouraged to contact IEDA staff with questions about project eligibility and complete a project questionnaire in advance of application submittal.

The EIRLP will accept applications on a rolling basis with deadlines provided on IEDA’s [program webpage](#). These deadlines are based on when an application must be submitted to be considered at the upcoming IEC Board meeting. The IEC Board has a designated Loan Committee comprised of board members involved with review and recommendation for program applications. The IEC Board will make funding announcements at least once per quarter.

ABOUT POLICIES AND PROCEDURES

The policies and procedures for the EIRLP provide the program requirements and the framework of how the program will be administered within three main categories of Program Details, Application Process and Administration. This document will be reviewed and approved by the IEC Board at least once per year and will remain in effect until any changes are adopted by the board. *This guide does not replace administrative rules or Iowa Code regarding the EIRLP. If a conflict exists, Iowa Code or the administrative rules will prevail.*

PROGRAM DETAILS

Funding Available

Approximately \$14 million is available in the EIRLP as of the start of the current state fiscal year of July 1, 2021. The IEC Board may approve up to \$5 million in loans per quarter until funds are obligated or otherwise budgeted for administrative costs.

Interest Rate

The IEC will offer a 2% interest rate to applicants. This rate will be considered the standard interest rate for the program and will be offered to most projects. Any deviation from the standard interest rate requested by the applicant will be part of the loan committee’s recommendation to the IEC Board and determined by specified factors such as the loan term, project risk or cash flow. The IEC will attempt to treat similarly situated applicants similarly. The interest rate shall not exceed the Wall Street Journal prime rate as of the date of the IEC Board approval of the loan.

Applicants can request a lower interest rate based on project factors such as risk or cash flow to be considered by the IEC Loan Committee.

Eligible and Ineligible Borrowers

Eligible borrowers include:

- Businesses incorporated or organized in Iowa or authorized to do business in Iowa, including businesses operated as sole proprietorships with a registered trade name
- Rural electric cooperatives
- Municipal utilities

Ineligible borrowers include:

- A business that is not located in or operating in Iowa. A business that will be located and operating in Iowa upon completion of an eligible project may be eligible.
- An individual or an organization with a history of defaulted loans or compliance violations with other state programs or rules.
- Regents institutions
- Community colleges
- State agencies
- Cities, except municipal utilities that are eligible borrowers pursuant to 261 IAC 406.4(1)“c”
- Counties
- School districts
- Nonprofit organizations

Loan Amounts

The minimum loan amount is \$50,000 and the maximum is \$2.5 million. An applicant may apply for a loan for up to 75% of the total costs of the project. The remainder of the project costs not financed by the EIRLP may include costs otherwise considered ineligible for EIRLP, which may include documented “soft” costs including feasibility studies, engineering and final design, permitting and regulatory costs, or other costs determined by the board to be necessary for the development of energy infrastructure and the project described in the application. The loan committee may exclude certain types of costs from being included as matching funds.

The loan committee may recommend that a reduced loan amount be recommended to the IEC Board, if the committee finds any of the following to be true:

- The project type and borrower would easily be able to secure other financing for more of their project costs and retain its feasibility and return on investment.
- The loan funds in that cycle would be able to support more projects should one or more of the loan amounts be reduced.
- The applicant has received one or more previous award(s) from the program with an outstanding balance. Additional restrictions may apply to these applicants.

The IEC Board may also implement allocations per project type to ensure certain projects, especially larger loans, do not receive a disproportionate amount of funding.

Eligible and Ineligible Costs

Examples of eligible costs include, but are not limited to:

- Real and personal property comprising a project
- Materials and equipment required for necessary site preparation, construction and installation of a project
- Labor for site preparation, construction and installation of a project
- Costs associated with maintenance, operation or repair of a project during the term of the loan

Examples of project costs that are not eligible for financial assistance include, but are not limited to:

- Administrative costs not associated with site preparation, construction and installation of a project, including employee salaries of the borrower or any affiliates
- Costs incurred prior to the committee's recommendation to approve a loan.
 - Costs incurred prior to the committee's recommendation may be eligible for assistance if the borrower demonstrates the necessity to begin incurring costs sooner. Examples of potentially eligible costs incurred prior to the committee's recommendation may be a deposit on equipment or securing a contractor for the proposed project schedule, preliminary engineering and construction costs that are preparing the project site for readiness. Costs incurred after the committee's recommendation of the loan and before an IEC Board award date are at the applicant's own risk in the event that the board declines the approval recommendation from the loan committee.
- Feasibility studies
- Engineering and final design
- Permitting or regulatory costs
- Other costs that the board determines to be ineligible.

Ineligible “soft” costs listed above may be included as match. Other examples of soft costs include developer fees, legal fees, consultant fees and fees related to securing collateral. Any proposed cost for fiber extension if necessary for utility grid modernization projects will be evaluated on a case-by-case basis.

Collateral

The IEC Board will not issue a loan that exceeds the value of the collateral provided. The board may consider the borrower's credit rating (or bond rating, if applicable) in determining what form of collateral is acceptable. Certain forms of collateral may require costs to be incurred by the applicant prior to disbursement. The following forms of collateral will be accepted with definitions and examples of what is acceptable:

- Real property: This must be buildings and/or land that can be secured through a mortgage held by IEDA. A lien on project-financed equipment could be provided in addition to the other real property but not as a standalone form of collateral. There must be sufficient equity in the property to cover the EIRLP loan in the event of default, in addition to other liens and/or mortgages on the property.
- Dedicated certificate of deposit: This requires the applicant to deposit an amount into an account at a financial institution that locks funds away for a specific period of time, in this instance the loan maturity date. These typically get better interest rates than savings accounts, providing a financial benefit if the borrower has the resources to put into a dedicated CD.
- Irrevocable letter of credit: This is a letter signed by the borrower's bank that authorizes IEDA to draw funds of a sum not to exceed the loan amount, in the event of default of the loan agreement with IEDA. This is the preferred form of collateral.
- Corporate guarantee: This must be provided by a separate corporation that has different ownership from the borrower. A letter from this corporation should be provided in the application that pledges their guarantee if the loan is awarded.
- Utility revenue or reserve funds, if applicable. This option is only applicable for projects that have a source of revenue or reserve funds as a utility or a borrower that has a power purchase agreement that could be reassigned to IEDA in the event of default.
- Other forms of collateral if approved by the board, and only if the forms of collateral listed above are inadequate.

Loan Term

The duration of the loan will typically be 5 to 10 years but shall not exceed 15 years. To determine the loan term, the loan committee will consider cash flow factors including tax credits, projected revenue or savings, and other financing. The IEC's loan may, in some instances, be paid back before the applicant sees their own payback for the project.

Project Eligibility Overview

The borrower shall demonstrate all the following criteria are met:

- The project is located in Iowa or for the primary use or benefit of Iowans. If any portion of the project is located outside of Iowa, the applicant bears the burden of demonstrating that the project as a whole will be for the primary use or benefit of Iowans.
- The project must have a certain market and/or end user(s) and not for purely speculative purposes. A loan could be approved contingent upon a certain market and/or end user(s).
- The project develops energy infrastructure as defined in Iowa Code section 476.46A(3)(a).
- The borrower must be the owner, contract purchaser, lessee or other interest holder of the real property where the project is located.

A project that generates energy for use only at a borrower's personal residence is not an eligible project.

Project Purpose

A variety of projects may meet the program purposes as specified in Iowa Code, which relate to the Iowa Energy Plan, in addition to energy infrastructure definitions. The table below is provided to illustrate potential examples but is not all inclusive. Applicants will be asked to demonstrate which purpose(s) their project fulfills. The third purpose of "energy sector workforce development" can be selected in addition to another purpose if they have integrated it into their project.

Project Purpose	Examples	Does Not Include
Electric or gas generation, transmission, storage, or distribution	<ul style="list-style-type: none"> • Infrastructure upgrades or expansion necessary for new modernization or energy generation projects • Virtual pipeline distribution • Carbon sequestration pilot projects • Industrial location or expansion projects in areas with capacity constraints • Energy generation projects with community/public users and benefits 	<ul style="list-style-type: none"> • Solar for a private user without additional innovative technologies/approaches • Natural gas or transmission projects considered routine/common updates • Energy infrastructure for business location or expansion projects not tied to IEDA's business development priorities*
Electric grid modernization	<ul style="list-style-type: none"> • Equipment managed by utility to manage peak loads, either as part of their system or customer-sited • Software used to improve cybersecurity • Infrastructure/software to optimize use of energy generation resources, which may include fiber 	<ul style="list-style-type: none"> • Fiber improvements without electric grid improvements
Energy sector workforce development	<ul style="list-style-type: none"> • Integrating workforce training and/or certification into energy infrastructure planning and construction • Hiring additional contractor(s) for training purposes on a project • Building a training facility for line workers/electricians to learn about emerging energy technologies 	<ul style="list-style-type: none"> • Hiring additional staff of the borrower or an affiliate to construct energy infrastructure project
Emergency preparedness for rural and underserved areas	<ul style="list-style-type: none"> • Equipment to detect outages on service lines • Infrastructure to improve resilience • Remote power and storage solutions • Electric emergency vehicles with exportable power 	<ul style="list-style-type: none"> • Conventional vehicle acquisition • Emergency radios
Expansion of biomass, biogas, and renewable natural gas	<ul style="list-style-type: none"> • Anaerobic digesters (AD) and associated equipment • Infrastructure upgrades to connect production to market • Biomass production costs necessary to enter energy market or be deployed for carbon sequestration 	<ul style="list-style-type: none"> • Maintenance of existing AD facilities • Ethanol and biodiesel refineries
Innovative technologies	<ul style="list-style-type: none"> • Energy storage (batteries) and improvements to accommodate it • Combined Heat and Power • District energy systems • Microgrids 	<ul style="list-style-type: none"> • Technologies with an established market and sources of financing in Iowa • Technologies that have not received necessary regulatory approvals to be implemented as a pilot project
Development of infrastructure for alternative fuel vehicles	<ul style="list-style-type: none"> • Electric vehicle charging infrastructure • Hydrogen fueling stations when powered with electricity and/or natural gas 	<ul style="list-style-type: none"> • Ethanol or biodiesel storage or stations

*IEDA business development priorities could include a project that is receiving other assistance from IEDA for business expansion within Iowa's targeted industries (advanced manufacturing, biosciences, insurance/financial services) or one of [Iowa's Certified Sites](#).

Application Evaluation

Any project under review of the program shall meet at least one of the following evaluation criteria with a narrative provided in the application about how it achieves one of the necessary objectives. IEDA staff and the loan committee will conduct further evaluation to ensure at least one of the criteria is met for any project recommended for approval by the IEC Board.

- The project demonstrates an economic impact to the local community and the state.
- The project demonstrates a creative or innovative approach to a need or problem.
- The project demonstrates assistance is necessary to reduce the project's risks.

These three criteria may be used to score loan applications in any given cycle if the demand for loans exceeds the amount allocated for any given application cycle. Additionally, the loan committee can reduce loan amounts in their recommendation to the IEC Board or implements allocations per project type in the manner described previously in this document. IEDA staff and the loan committee will conduct additional evaluation of applications as described further in the Application Process section of these policies and procedures.

APPLICATION PROCESS

Overview

Applications will be available and accepted through IowaGrants.gov.

- The IEC will review applications and make funding decisions after each funding announcement.
- Applications will only be accepted during the established application period, as identified at IowaEDA.com/Iowa-energy-office/energy-loans/
- Applicants planning to apply must create an IowaGrants account. The IowaGrants account will be used for claims and reporting for approved borrowers; therefore, the individual registering for IowaGrants on behalf of the applicant should be prepared to also conduct post-award reporting, if applicable. More than one registered individual can have access to the IowaGrants account for the project.
 - If the person completing the application already has an account through IowaGrants or a State of Iowa A&A account, this same account will be utilized.
 - If the person completing the application does not have an account, the applicant will need to allow a minimum of two weeks to register and activate their account.

Waiver Requests

The Iowa Energy Center Board may consider requests to waive administrative rules pursuant to [261 Iowa Administrative Code Chapter 199](#).

Energy Project Questionnaire

Applicants may submit an energy project questionnaire for staff to provide technical assistance and feedback on eligibility prior to submission of an application. The questionnaire may also be used to solicit feedback from the committee or as a supplement to a waiver request as described above.

Application Process

- Applications will be completed via IowaGrants. IEDA will communicate the application submission deadlines and other application details to prospective applicants through the program webpage. The program manager will be responsible for all communications to selected applicants and will serve as the point of contact for applicants.
- Once the submission deadline has closed, the program manager will review the applications for eligibility and completeness. Ineligible and/or incomplete applications may be denied by staff.
- IEDA staff will then review the applications, consulting with Iowa Finance Authority staff as needed, and prepare analysis for the committee. Staff included in the review may include:
 - Program Manager
 - Other Energy Office Program Managers
 - Team Leader
 - Legal Counsel
 - Underwriter
 - Business Finance Staff

- The authority or board may engage outside reviewers to complete technical, financial or other reviews of applications beyond the expertise of the board and authority staff. This may delay the published timeline.
- Eligible applications will be evaluated using information provided in the application, any responses to follow up questions by the program manager, and additional analysis and research conducted in the review process. The necessary factors include:
 - The applicant and ability to repay loan: previous loans through IEDA or the Iowa Energy Center, financial statements, any history of violations with the State of Iowa, project partners. IEDA may conduct a credit report of the applicant or request such report be conducted by a credible reporting agency.
 - Project planning: level of planning and engineering needed and completed thus far, regulatory or permitting considerations, financial analysis completed, property and project partner status. The project timeline and anticipated disbursement request date will be evaluated.
 - Project purpose and evaluation criteria: The project must fulfill at least one of the purposes listed Iowa Code 476.46A(1)“c” as enacted by 2021 Iowa Acts, Senate File 619 and at least one of the criteria listed in the Application Evaluation section on page 6.
 - Pledged collateral: pledged collateral is one of the acceptable types, whether confirmation of pledged collateral is provided in the application (e.g., bank commitment letter indicating an Irrevocable Letter of Credit will be available) or by additional information as requested by staff and loan committee.
 - Project funding sources/financing: availability of funding such as loans or private investment, confirmation of availability or timeline for securing. The IEC Board may approve an application prior to an applicant securing private financing, but IEDA will not disburse funds until such financing is obtained. Applicants who plan to utilize tax credits must have funding available for their match to cover necessary project costs before tax credits can be claimed.
 - Projected payback and cash flow: the financial factors unique to the project will be utilized to create a cash flow analysis to determine the shortest possible loan term to allow the EIRLP loan to be repaid while retaining viability for the project and applicant. This may result in the EIRLP loan being seeing a payback quicker than the applicant.
- Energy attributes: proposed equipment and infrastructure components (e.g., warranty, reliability of manufacturer), any energy generation or delivery metrics and their data source.
- The loan committee will review all of the applications, evaluate using the established criteria and other information provided by staff, and make a recommendation to the full board. The loan committee will evaluate whether costs incurred before the loan committee review are eligible. Determine loan term and amount, interest, any additional conditions to disbursement or alteration of disbursement schedule and any final negotiation between IEDA staff and applicant.
- The program manager will summarize the applications and loan committee recommendations for the IEC Board.
- The IEC Board will review all applications and the recommendations from the loan committee and vote on each application.
- IEDA will notify applicants in writing of the board’s approval or denial of an application. If the application is approved, the notice will include any conditions and terms of the loan.

ADMINISTRATION

Borrowers are required to meet certain conditions before a contract is signed and/or before funds are disbursed to the borrower. All borrowers are required to secure pledged collateral before disbursement of funds. Examples of other conditions include, but are not limited to, evidence that other financing or funding sources listed in application have been approved, any necessary permitting or regulatory approvals have been secured.

Agreement

After notifying the borrower of an award, IEDA will offer a contract to the borrower, which will be between the borrower and IEDA. The borrower must return the agreement to the IEDA within 90 days of the transmittal of the agreement. Failure to return the agreement may be cause for the IEC Board to terminate the award.

Amendments

Any substantive change to a funded IEC EIRLP project, including award amount, loan term, interest rate or alterations to proposed activities, will be considered an agreement amendment. The recipient shall request an amendment in writing and submit an amendment request in IowaGrants. Once the amendment request is received, staff will review and determine if the request requires IEC Board approval. If it does, IEDA staff will place the amendment request on the agenda for the next scheduled IEC Board meeting. If staff determines the request can be approved without IEDA Board approval, staff shall initiate the amendment approval process. No amendment will be valid until approved by the board, except the following (with written confirmation from IEDA):

- Staff may approve a reduction in award amount and scope no more than 10% lower than original award amount, as necessary to accommodate change in pricing.
- Staff may approve extension of project completion and resulting disbursement schedule no more than one year after original schedule.

Loan Forgiveness

The board may consider requests for loan forgiveness if the borrower demonstrates forgiveness is necessary to avoid a negative material impact on the project or potential default. Any request for loan forgiveness must provide the following information:

- Circumstances that have changed since the application was approved by the board.
- Any deviation from the application with project contractors, partners, equipment, scope of work, changes in ownership, etc.
- All project invoices received and paid to date.
- Risks taken by borrower to implement the project.
- Any beneficial outcomes or lessons learned that were gained from the project.

Disbursement of Funds/Claims

- Disbursement requests can be made prior to project completion if included in approved application. Most disbursements will occur in one lump sum with the anticipation that the project will be commenced and/or completed soon thereafter. Deviation from this approach may result from an extended project completion timeline, innovative technologies and risks associated with procuring approved equipment, or other factors as determined by IEDA staff and the IEC Board. The following items are required before a claim can be processed:
 - Documentation required for conditions to disbursement as detailed in the agreement
 - A W9 from the recipient
 - Direct deposit authorization form if the preferred payment method is direct deposit
 - A General Account Expenditures (GAX) Form with a Vendor Code provided by IEDA after W9 submission
 - Any release of information documents requested by IEDA
- If the recipient fails to request disbursement according to the timeline provided in the application, the recipient must provide an update no less than quarterly to IEDA regarding the deviation from the approved timeline and updates on the plan to implement the project.
- Any funds not requested for disbursement within one year of the board approval date may be subject to deobligation and termination of the loan agreement.

Reporting Requirements and Monitoring

- A start up report is due within 60 days of the date the project is placed in service or operational. The report must include, but is not limited to, documentation of project costs and related invoices, one or more photographs, description of unanticipated challenges and lessons learned.
- IEDA may conduct a site visit of awarded projects to ensure the projects were built as proposed and to provide verification of ongoing operation. The IEDA program manager will notify the recipient at least seven business days in advance of a site visit.
- Additional reports, no more than once/year, may be required by IEDA, depending on the project type and potential needs to demonstrate compliance with program requirements and plans provided in the application. IEDA also may require reports to provide energy and cost data, project outcomes and lessons learned.
- If the program manager believes that the project is not being implemented according to the award approved by the board or subsequent approved modifications, the program manager will contact the recipient and attempt to obtain a written explanation. IEDA will notify the loan committee and/or IEC board of any ongoing performance and/or reporting issues.
- IEDA and the Iowa Energy Center may use any data, information and photographs provided by the recipient for educational purposes unless otherwise specified in the loan agreement.

Defaults

- At any time during the project or the repayment of the loan, IEDA may find that a borrower is in default under the terms of the loan contract. The authority will take prompt, appropriate and aggressive debt collection action to recover any funds misspent by borrowers.
- If IEDA determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties, negotiate alternative payment schedules, suspend or discontinue collection efforts and take other action as the authority deems necessary.
- IEDA shall attempt to collect the amount owed. Any negotiated settlement, write-off, or discontinuance of collection efforts is subject to final review by and approval of the board.
- If IEDA refers a defaulted contract to outside counsel for debt collection, then the terms of the contract between the authority and the outside counsel regarding the scope of counsel's authorization to accept settlements shall apply.

Closeout Procedures

- Final payment from recipient in accordance with loan agreement. The loan may be prepaid in part or in full at any time without penalty.
- IEDA may request a final report upon final payment receipt.
- IEDA will provide a final closeout document stating that contracted funds have been spent in accordance with the agreement and the agreed upon deliverables have been achieved.

PROGRAM MANAGER

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