

## PROGRAM OVERVIEW

The Energy Infrastructure Revolving Loan Program (EIRLP) is administered pursuant to Iowa Code [chapter 476.46A](#). Administrative rules governing the program are found in Iowa Administrative Code [section 261.406](#). Additional information is available at [iowaeda.com/iowa-energy-office/energy-loans/](http://iowaeda.com/iowa-energy-office/energy-loans/).

The EIRLP is administered by the Iowa Energy Center (IEC) within the Iowa Economic Development Authority (IEDA), in consultation with the IEC Board. The program provides loans to eligible borrowers for the development and construction of qualifying energy infrastructure projects. Applicants are encouraged to contact IEDA staff with questions regarding project eligibility.

Applications are accepted on a rolling basis, with deadlines published on the program webpage. The IEC Board has a designated loan committee composed of board members responsible for reviewing applications and making recommendations. The IEC Board may approve loans during any quarter in which funds are available. In any application period, the IEC Board may prioritize certain types of projects for funding.

This guide outlines the vision, policies and administrative procedures for managing the EIRLP. It is reviewed and approved by the IEC Board at least annually. This guide does not replace Iowa Code or administrative rules governing the program. In the event of a conflict, Iowa Code and administrative rules prevail.

## Eligible and Ineligible Borrowers

Eligible borrowers include:

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

Two or more eligible borrowers may submit a joint application for projects that provide regional or statewide benefits to ratepayers.

Ineligible borrowers include:

- Businesses not located in or operating in Iowa, unless the business will be located and operating in Iowa upon completion of an eligible project
- Individuals or organizations with a history of loan defaults or compliance violations with state programs or rules
- Regents institutions
- Community colleges
- State agencies
- Cities, except eligible municipal utilities under Iowa Administrative Code [section 261.406.4\(1\)“c”](#)
- Counties
- School districts
- Nonprofit organizations

## Eligible and Ineligible Projects

To be eligible, a project must meet all of the following criteria:

- Be located in Iowa or primarily serve or benefit Iowans. If any portion of the project is located outside Iowa, the applicant must demonstrate that the project as a whole will be for the primary use or benefit of Iowans.
- Develop energy infrastructure as defined in Iowa Code [chapter 476.46A\(3\)\(a\)](#)
- Be located on real property owned, leased or otherwise controlled by the borrower
- Not generate energy solely for use at a borrower's personal residence

## Project Purpose

Loan funds provide financial assistance for the development and construction of energy infrastructure, including projects related to:

- Electric or gas generation, transmission, storage or distribution
- Electric grid modernization
- Energy-sector workforce development
- Emergency preparedness for rural and underserved areas
- Expansion of biomass, biogas and renewable natural gas
- Innovative technologies
- Infrastructure for alternative fuel vehicles

The examples below are illustrative and not exhaustive. Projects may satisfy more than one purpose.

Project Purpose	Examples	Does Not Include
<b>Electric or gas generation, transmission, storage or distribution</b>	<ul style="list-style-type: none"> <li>• Infrastructure upgrades or expansion necessary for new resilience or energy generation projects</li> <li>• Undergrounding of utility infrastructure</li> <li>• Carbon management pilot projects</li> <li>• Industrial location or expansion projects in areas with capacity constraints</li> </ul>	<ul style="list-style-type: none"> <li>• Solar projects without additional innovative technologies</li> <li>• Distribution or transmission projects that do not integrate best practices or advanced approaches</li> </ul>
<b>Electric grid modernization</b>	<ul style="list-style-type: none"> <li>• Utility-managed equipment to manage peak loads, either system-wide or customer-sited</li> <li>• Software used to improve cybersecurity</li> <li>• Infrastructure or software to optimize use of energy generation resources, which may include fiber</li> </ul>	Fiber improvements without electric grid improvements
<b>Energy-sector workforce development</b>	<ul style="list-style-type: none"> <li>• Integrating workforce training and/or certification into energy infrastructure planning and construction</li> <li>• Hiring additional contractors for training purposes on a project</li> <li>• Building a training facility for line workers or electricians to learn emerging energy technologies</li> </ul>	Training that does not include development of an infrastructure project
<b>Emergency preparedness for rural and underserved areas</b>	<ul style="list-style-type: none"> <li>• Equipment to detect outages on service lines</li> <li>• Infrastructure to improve resilience</li> <li>• Remote power and storage solutions</li> <li>• Electric emergency vehicles with exportable power</li> </ul>	<ul style="list-style-type: none"> <li>• Conventional vehicle acquisition</li> <li>• Emergency radios</li> </ul>
<b>Expansion of biomass, biogas and renewable natural gas</b>	<ul style="list-style-type: none"> <li>• Anaerobic digesters and associated equipment</li> <li>• Infrastructure upgrades to connect production to market</li> <li>• Biomass production costs necessary to enter energy markets or support carbon sequestration</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of existing anaerobic digester facilities</li> <li>• Ethanol and biodiesel refineries</li> </ul>
<b>Innovative technologies</b>	<ul style="list-style-type: none"> <li>• Energy storage (batteries) and improvements to accommodate it</li> <li>• Combined heat and power systems</li> <li>• District energy systems</li> <li>• Microgrids</li> </ul>	<ul style="list-style-type: none"> <li>• Technologies with established markets and readily available financing in Iowa</li> <li>• Technologies that conflict with laws or regulations without a plan for compliance</li> </ul>
<b>Development of infrastructure for alternative fuel vehicles</b>	<ul style="list-style-type: none"> <li>• Electric vehicle charging infrastructure</li> <li>• Hydrogen fueling stations powered by electricity and/or natural gas</li> </ul>	Ethanol or biodiesel storage or fueling stations

## Eligible and Ineligible Costs

Eligible costs may include, but are not limited to:

- Real and personal property comprising the project
- Materials and equipment for site preparation, construction and installation
- Labor for site preparation, construction and installation
- Engineering and final design
- Permitting or regulatory costs
- Maintenance, operation or repair costs incurred during the loan term

Ineligible costs include, but are not limited to:

- Administrative costs unrelated to site preparation, construction or installation, including employee salaries of the borrower or any affiliates
- Costs incurred prior to the loan committee's recommendation, unless the borrower demonstrates such costs were necessary (e.g., equipment deposits, contractor scheduling, preliminary engineering or site preparation). Costs incurred after the committee's recommendation but before IEC Board approval are at the applicant's own risk.
- Feasibility studies
- Costs determined ineligible by the IEC Board
- Ineligible soft costs, which may be included as match. Along with those listed above, examples include developer fees, legal fees, consultant fees and costs associated with securing collateral. Fiber extension costs for utility grid modernization projects will be evaluated on a case-by-case basis.

## Loan Amounts

Loan amounts range from \$50,000 to \$2.5 million. Additional restrictions apply to certain loan sizes:

- Loan requests may not exceed \$250,000 for projects primarily involving deferred maintenance, repairs, basic equipment replacement, replacement of everyday system components that have not been regularly maintained or have reached end of life, or undergrounding of distribution system components.
- Loan requests exceeding \$1 million must demonstrate regional or statewide benefits to ratepayers.

Examples of projects with potential regional or statewide benefits include, but are not limited to:

- Energy generation and/or storage projects that reduce peak demand or increase system resilience
- Transmission capacity improvements

- Mobile generation or mobile substation plug-and-play solutions
- Agrivoltaic, anaerobic digester, district energy, microgrid, renewable natural gas and grid-interactive efficient building projects

The IEC Board will not finance more than 75% of total project costs. Eligible costs are determined at the time of loan approval, and the loan committee may exclude certain costs from match eligibility.

The loan committee may recommend a reduced loan amount if:

- The applicant has outstanding balances from prior EIRLP awards.
- Total loan requests exceed 25% of available funds for a given round, and reductions would allow more projects to be funded. In such cases, the loan committee will prioritize projects with regional or statewide impact when determining which applications receive a greater percentage of their requested loan amount.
- The borrower can reasonably secure alternative financing without jeopardizing project feasibility.

## Interest Rate

The standard interest rate is 2%. The interest rate will not exceed The Wall Street Journal prime rate in effect on the date of IEC Board approval.

## Collateral

Loan amounts may not exceed the value of pledged collateral. IEDA and the IEC Board retain final discretion over acceptable collateral and may consider the borrower's credit or bond rating. Some collateral types may require applicant-incurred costs prior to disbursement, and multiple forms of collateral may be required.

Accepted collateral may include:

- Real property: Buildings and/or land secured through a mortgage held by IEDA. A lien on project-financed equipment may be accepted but generally requires an additional form of collateral. IEDA will evaluate available equity and existing liens and/or mortgages on the property when determining collateral sufficiency.
- Dedicated certificate of deposit: Funds deposited at a financial institution and restricted for the duration of the loan. These typically get better interest rates than savings accounts.

- Irrevocable letter of credit (preferred): Issued by the borrower's financial institution, authorizing IEDA to draw funds up to the loan amount in the event of default.
- Corporate guarantee: Provided by a separate corporation with different ownership than the borrower, documented through a written commitment submitted with the application.
- Utility revenue or reserve funds: Available only for revenue-generating projects. Municipal utilities may pledge net revenues. Businesses with a power purchase agreement may assign the agreement to IEDA in the event of default.
- Other collateral: Alternative forms may be considered if approved by the IEC Board.

### Loan Term

Loan terms may not exceed 15 years. In determining the term, the loan committee will consider cash flow, tax credits, projected revenue or savings, pro formas and other financing factors. In some cases, the EIRLP loan may be repaid before the borrower achieves full project payback.

### Application Evaluation

Projects must meet at least one of the following criteria:

- Provide broad benefits to Iowa, local communities and/or utility ratepayers
- Demonstrate a creative or innovative solution
- Require financial assistance to reduce project risk

Applications requesting more than \$1 million must demonstrate regional or statewide benefits. If demand exceeds available funding, applications may be scored using these criteria.

Applications are evaluated based on information provided in the application, responses to follow-up questions from the program manager, and additional analysis and research conducted during the review process. Evaluation factors include, but are not limited to, the following:

- Applicant, any of its project partners and ability to repay the loan: Review of the applicant and any project partners, including prior loans through IEDA or IEC, financial statements and any history of violations with the State of Iowa. IEDA may conduct a credit report of the applicant or require one from a qualified reporting agency. Utility applicants must provide a revenue review and pro forma prepared by a qualified financial adviser or consulting engineer and demonstrate a minimum debt service coverage ratio of 1.1x. Additional financial analysis may be necessary.

- Project planning: Level of planning and engineering needed and completed thus far; regulatory or permitting considerations; completed financial analysis; property control and project partner status; project timeline; anticipated disbursement request date; and availability of bids from primary vendors or contractors.
- Project purpose and evaluation criteria: The project must fulfill at least one purpose listed in Iowa Code [chapter 476.46A\(1\)\(c\)](#) and at least one of the evaluation criteria. The evaluation criteria must be supported by data and information provided in the application and may be supplemented by IEDA staff research and analysis.
- Pledged collateral: Whether proposed collateral is an acceptable type and whether confirmation of collateral (e.g., a bank commitment for an irrevocable letter of credit) is included in the application or provided upon request by IEDA staff or the loan committee.
- Real property pledged as collateral: Applicants pledging real property must provide additional information about the property and its value, as well as agree to any associated conditions to disbursement if awarded a loan.
- Project funding sources and financing: Availability and status of loans, private investment or other funding sources, including timelines for securing such funding. While the IEC Board may approve an application prior to securing matching funds, IEDA will not disburse funds until all required funding is committed. Applicants who plan to utilize tax credits must have sufficient match funding available to cover necessary project costs before tax credits can be claimed.
- Projected payback and cash flow (if applicable): The financial factors unique to the project and any associated financial projections provided in the application will be utilized to assess the project cash flow. This will inform the recommended 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 repaid sooner than the applicant proposes.
- Energy attributes: Proposed equipment and infrastructure components (e.g., warranty, reliability of manufacturer), any energy generation or delivery metrics and associated data sources.
- Ratepayer impact: Anticipated impact of the proposed project on utility ratepayer costs.
- Applicant eligibility: Verification that the applicant is eligible and that no violations or concerns are identified through public agencies or the IEDA [Certification & Release of Information](#).

## APPLICATION PROCESS

- Applications must be submitted through [IowaGrants.gov](http://IowaGrants.gov) during the published application period, as identified on the program webpage at [IowaEDA.com](http://IowaEDA.com).
- Applicants must use an IowaGrants account to apply.
  - If the individual completing the application already has an IowaGrants or a State of Iowa Okta ([Okta.Iowa.gov](http://Okta.Iowa.gov)) account, that account will be used.
  - If an account does not already exist, applicants should allow a minimum of two weeks for registration and activation.
  - The IowaGrants account will also be used for loan disbursement and post-award reporting, if applicable. The individual registering on behalf of the applicant should be prepared to complete these activities. More than one individual may be granted access to the account for a project.
- IEDA will communicate application deadlines and related details through the program webpage. The program manager will serve as the primary point of contact for applicants.
- After the submission deadline, the program manager will review all applications for eligibility and completeness. Applications that are ineligible or incomplete may be denied by IEDA staff.
- Eligible applications will be reviewed by IEDA and Iowa Finance Authority staff. Staff may request additional information from applicants as needed and will prepare recommendations for the loan committee. Review staff may include:
  - Program manager
  - Other Iowa Energy Office program managers
  - Team leader
  - Legal counsel
  - Underwriter
  - Business finance staff
- IEDA staff or the IEC Board may engage outside reviewers to conduct technical, financial or other specialized reviews beyond the expertise of staff or board members. Use of outside reviewers may extend the review timeline.
- IEDA staff will prepare a recommendation for the loan committee. The loan committee will review staff recommendations, evaluate applications using established criteria, score applications as applicable and make recommendations to the IEC Board.
- The program manager will summarize applications and loan committee recommendations for consideration by the IEC Board.
- If an application does not meet program requirements, or if an applicant does not respond to requests for additional information, the application may be deemed incomplete and withdrawn from consideration. The loan committee will also evaluate whether costs incurred before the committee review are allowable, as well as determine loan amount and term, interest rate, disbursement conditions or schedule modifications, and any final negotiated terms.
- Upon review of the loan committee's recommendations, the IEC Board may approve loan awards.
- IEDA staff will notify applicants in writing of the IEC Board's approval or denial. Approval notices will include applicable loan terms and conditions.

## ADMINISTRATION

Borrowers must satisfy all conditions outlined in the loan agreement before a contract is signed and/or before funds are disbursed. All borrowers are required to secure pledged collateral before funds are disbursed. Additional conditions may include, but are not limited to, verification that other financing or funding sources identified in the application have been approved and that all required permitting or regulatory approvals have been obtained.

### *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 agreement must be returned within 90 days of the transmittal or the award may be terminated.

### *Conditions to Disbursement*

IEDA's obligation to disburse funds is contingent upon receipt of certain documentation, as outlined in the agreement, if such documentation was not already provided in the application. All documentation must be determined acceptable by IEDA or otherwise verifiable through other means. Recipients will receive additional instruction from the program manager regarding the specific documentation requirements and submission procedure.

The following items are required before a claim can be processed:

- Documentation required to satisfy disbursement conditions, as detailed in the agreement, including but not limited to securing project collateral
- An IRS Form W-9 from the recipient
- Direct deposit authorization form if the preferred payment method is direct deposit
- A General Accounting Expenditure (GAX) form with a vendor code provided by IEDA after Form W-9 submission
- Any release of information documents requested by IEDA
- Any conditions determined by the IEC Board on the date of approval

Securing required project collateral may result in expenses for the applicant. Most forms of collateral require execution of additional documents using IEDA-provided templates, such as an irrevocable letter of credit.

When real property is pledged as collateral, additional requirements must be met, in part to ensure the collateral value meets or exceeds the approved loan amount and that IEDA has the expected priority position among lienholders. These requirements may include, but are not limited to:

- For mortgage on a property that is not in first position, an account statement verifying how much is owed to other lender(s) in a senior position to IEDA.
- A recent appraisal of the property.
- For projects requesting between \$50,000 and \$500,000, a title of opinion from an Iowa-licensed attorney, which must be certified at least through the recording date and time of the mortgage filing.
- For projects requesting more than \$500,000 and pledging real property as collateral, a lender certificate from Iowa Title Guaranty.
- For any equipment or removable infrastructure pledged as collateral, an independent estimate of projected future value, including depreciation, if required by IEDA.

### *Disbursement of Funds/Claims*

- Disbursement requests can be made prior to project completion if included in the approved application. Most disbursements will occur in one lump sum, with the anticipation that the project will commence and/or be completed soon thereafter. Recipients may request a lump-sum disbursement for less than their loan amount if circumstances change, such as project costs being lower than previously estimated or an increase in matching funds. If a recipient fails to request disbursement according to the timeline provided in the application, the recipient must provide updates to IEDA at least quarterly, including an explanation of the delay and an updated implementation timeline.
- Any funds not requested for disbursement within one year of the IEC Board approval date may be subject to deobligation and termination of the loan agreement.

## Reporting Requirements and Monitoring

- A startup report is due within 60 days of the later of: the date the project is placed in service or becomes operational, or the latest date of all project invoices. The report must include, but is not limited to, documentation of project costs and related invoices, one or more photographs, a description of unanticipated challenges and lessons learned.
- Utility borrowers will be required to submit annual certifications to confirm that they have maintained their 1.1x debt service coverage ratio, generated sufficient revenues to meet debt service requirements, and are maintaining adequate unrestricted reserves. Borrowers are expected to work with their financial adviser to complete a pro forma every five years to demonstrate continued compliance. A method to ensure compliance with the 1.1x debt service coverage ratio may be a cost-of-service rate study and adjusting rate structures based on its recommendations.
- IEDA may conduct site visits to verify that projects were completed as proposed and remain operational. The IEDA project manager will notify the recipient at least seven business days in advance of a site visit.
- Additional reports may be required by IEDA, depending on 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.
- IEDA will notify the loan committee and/or IEC Board of any ongoing performance and/or reporting issues.
- Unless otherwise specified in the loan agreement, IEDA and IEC may use recipient-provided data, information and photographs for educational purposes.

## Amendments

Any substantive change to a funded IEC project, including changes to award amount, loan term, interest rate or alterations to proposed activities, will require an amendment to the agreement. The recipient shall request an amendment in writing and submit an amendment request in IowaGrants.

Once the amendment request is received, IEDA staff will review and determine if the request requires IEC Board approval. If it does, 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 IEC 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 the original award amount, as necessary to accommodate a change in pricing.
- Staff may approve an extension of project completion and resulting disbursement schedule no more than one year beyond the original schedule.

## Loan Forgiveness

The IEC 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 include:

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

## *Defaults*

- At any time during the project or the repayment of the loan, IEDA may determine 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.
- Upon determination of default, IEDA may seek recovery of the loan plus interest or other penalties, negotiate alternative payment schedules, suspend or discontinue collection efforts and take other action deemed 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 by the IEC Board.
- If IEDA refers a defaulted contract to outside counsel for debt collection, the terms of the contract between IEDA and outside counsel regarding the scope of the counsel's authorization to accept settlements shall apply.

## *Closeout Procedures*

- The recipient must submit final payment in accordance with the loan agreement. Loans may be prepaid in whole or in part at any time without penalty.
- IEDA may request a final report upon receipt of final payment.
- IEDA will provide a final closeout document stating that contracted funds have been spent in accordance with the agreement and all required deliverables have been achieved.