Funding Wood Energy Projects in Washington State

Peter Moulton
State Bioenergy Coordinator
Energy Division

May 2016
Wood Innovation Grants

Expand and accelerate wood energy and wood products markets throughout the US to support forest management needs.

Who: Businesses, governments, non-profits

What: Stimulate, expand or support wood energy markets that depend on forest residues or forest byproducts through engineering designs, cost analyses, permitting or other requirements necessary for wood energy projects in the later stages of development to secure financing.

- Grants up to $250,000
- 35% match

Next Round: October?
Rural Energy for America Program (REAP)

Guaranteed loan financing and grant funding to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements.

**Who:** Agricultural producers with at least 50% of gross income from agricultural operations, and small businesses in eligible rural areas

**What:** Purchase, install and construct renewable energy systems, including biomass
- Renewable Energy System Grants ($2,500-$500,000; 75% match)
- Loan Guarantees & Combined Loans/Grants ($5,000-$25 million; up to 85% of loan; 7-15-30 year terms; 25% match)
- Projects >$200,000 need technical report

*Next Round:* November?
Value-Added Producer Grants (VAPG)

Help agricultural producers enter into value-added activities related to the processing and/or marketing of bio-based, value-added products.

Who: Independent producers, agricultural producer groups, farmer- or rancher-cooperatives, and majority-controlled producer-based business ventures

What: Planning activities or working capital expenses related to producing and marketing a value-added agricultural product.
  • Planning: $75,000 max
  • Working Capital: $250,000 max
  • 50% match

Next Round: June 24 (electronic), July 1 (paper)
Energy & Mineral Development Program Grants

Assess, evaluate or promote processing, use or development of energy and mineral resources on Indian lands.

Who: Federally-recognized tribes, authorized tribal organizations, tribal Energy Resource Development Organizations

What: Resource assessments, and feasibility, marketing and engineering studies for community-scale energy development projects that promote local economic benefits and stronger tribal economies
  - $5 million available nationwide

Next Round: July 8
State Clean Energy Fund

Develop, demonstrate and deploy clean energy technologies that save energy and reduce energy costs, reduce harmful air emissions, or otherwise increase energy independence for the state.

Craft3 Future Energy Fund
• Loans of $25,000-$5 million
• Rate and terms vary depending upon risk

RD&D Match Program
• Grants of $50,000-$2.5 million
• $9.7 million ($1 million reserved for small businesses)
• First round $7.5 million, phase one due June 3, full application July 15
• Second round $2.2 million opens November 1
• 50% minimum match
Other Commerce Funds

Forest Products Financial Assistance Program
• Former Old Growth Revolving Loan Fund, primary target wood energy projects, especially feasibility study grants and capital for fuel switching at public facilities. Roughly $1 million in reserve; no competitive round at present.

Energy Recovery Act Account
• Federal stimulus loan repayments, program in limbo pending legislative appropriation. Roughly $5+ million to eventually be redistributed as loans.

Community Economic Revitalization Board
• Grants and loans for local government infrastructure.

Community Development Block Grants
• Financing for local government.
Other State Funds

Washington State Housing Finance Commission
• Sustainable Energy Trust loans up to $1 million.

Washington Economic Development Finance Authority
• Exempt Facility Bonds: Projects that target solid waste disposal with bonding limits determined by capital costs (<$50 million = 100%, $50-75 million = 90%, $75-100 million = 80%, >$100 million = 70%).
• Industrial Revenue Bonds: Up to $10 million to support manufacturing and processing facilities with total capital costs of less than $20 million. Bonds may also be issued by various local industrial development corporations.
State Tax Incentives

Business & Occupation
• Reduced rate for manufacture of wood biomass fuel

Sales & Use
• Cogeneration equipment integrated into manufacturing site exempt; equipment, labor and services for biomass energy 75% exempt (expires January 1, 2020)
• Hog fuel or forest-derived biomass for power, steam, heat or biofuel exempt (expires June 30, 2024)
• Fuel used directly in extraction or manufacturing of fuel exempt from use tax
Other Possible Funding Sources

Federal Programs
• USDA Rural Utilities Service Loans & Loan Guarantees
• USDA Community Facilities Direct Loan & Grant Program
• USDA Farm Service Agency Biomass Crop Assistance Program
• US Treasury New Market Tax Credits

State & Local Programs
• Commerce Energy Efficiency & Solar Grants
• Treasurer Local Option Capital Asset Lending

Other
• Utility green power programs
• Program-Related Investors (private foundations)
• Renewable Energy Credits, Emission Reduction Units, carbon credits...
For more information:

Peter Moulton
Senior Energy Policy Specialist
(360) 725-3116
peter.moulton@commerce.wa.gov