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Clean Energy Fund II: A Q&A with Tony Usibelli

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In 2013, the Washington State Legislature approved \$36 million in capital funding to expand clean energy projects and technologies statewide – [Clean Energy Fund 1](#). An additional \$40 million was allocated in the 2015-2017 capital budget for [Clean Energy Fund 2](#) to extend and enhance clean energy deployment.

The Washington State Department of Commerce is currently working to design and execute the Clean Energy Fund extension. Tony Usibelli, the Energy Office Director, answered our questions to provide additional insight into what comes next.

The Clean Energy Fund extension provides \$40 million across five funding categories. We have the [allocation and category information posted](#) on our website. What's new in the extension that the cleantech industry should know?

Clean Energy Fund 2 has several noticeable changes from the original clean energy funds.

- First, it adds completely new categories to the mix - \$6.6 million for credit enhancement for solar and renewables manufacturing and \$400,000 for wood energy conversion projects at public facilities.
- Second, the new fund requires that we conduct competitive selection processes for each of the five categories.
- Third, the legislature removed the restriction on use of our loan funds for solar development.
- Fourth, the state R & D matching funds are no longer restricted to matching just federal funds - they can be used to match any



*Tony Usibelli
Energy Office Director; Washington
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non-state funds.

What's the overarching goal of the Clean Energy Fund? What do Governor Inslee and the Legislature hope to accomplish via the extension?

Introductory language in the budget states the basic goal of the fund is to develop, demonstrate and deploy clean energy technologies. It recognizes the benefits of clean technology development – saving energy, reducing energy costs, reducing harmful pollutants, and increasing the state's energy independence.

Clean Energy Fund 2 provides us with a great opportunity to retain and create new jobs while moving Washington to the front of the pack of clean energy/technology states.

The \$6.6 million in credit enhancements for advanced solar and renewable energy manufacturing is a new category. What's the thought behind including the new category and what is covered?

The legislature and governor added a new credit enhancement fund to help support the capital needs of existing, expanding, and new companies that manufacture solar and renewable energy technologies. We haven't defined what manufacturing activities will qualify as renewable manufacturing but will seek to be inclusive with our definition. The term "credit enhancement" is specifically intended to give us the ability to offer a wide range of debt financing tools such as loan loss reserves, interest rate buy downs, or loan guarantees, to cite just a few examples. Since this is a new category of funding we will be looking for ideas and recommendations from business and industry on how we can best structure the credit enhancement to be most effective.

The \$400,000 allocation for competitively selected wood energy conversion projects at public facilities is another new category. What type of projects will be considered?

These funds will support conversion of heating systems in public facilities away from heating oil and propane to wood, primarily in rural timber-dependent communities. By converting to wood, these facilities will reduce operating and maintenance costs, build markets for forest biomass, and cleanup air emissions. Local government facilities, from city halls to schools, will be the primary target for funding.

As with the original Clean Energy Fund, Commerce is responsible for designing, managing and allocating the funding extension. What's the process? Will each program go back to the drawing board to be redesigned, or is it a simple extension of the original programs?

We are spending time this summer working on the timeline and processes for the five competitive funds, with a goal to get most of our solicitations out on the street later this year. We certainly plan to use our experience with the first round to inform our design of the new programs funded in Clean Energy Fund 2. Since the requirements in the new budget are different than those in the original Clean Energy Fund, we anticipate some changes to all the programs.

What is the expected timeframe for the design process, application solicitation and fund allocation?

We don't have firm dates yet. Check our [Clean Energy Fund 2](#) website for the most up-to-date information on the programs. We hope to have solicitations for most, if not all of the programs, posted on the webpage before the end of the year. The timelines for

selection and funding will depend on the complexity of the proposals we receive and the nature of the projects selected.

Will the cleantech industry have input into the design process? Will Commerce be holding any form of public feedback session or meeting?

Yes, we want to make sure the cleantech industry has ample opportunity to weigh in. We've already solicited recommendations from the CleanTech Alliance for a representative on our advisory group for the R&D matching funds. We also plan to hold meetings and webinars and open up all of our advisory group meetings to the public.

What's the next step? When can we expect to hear more about application processes and fund allocation?

Check our [website](#) for regular updates on the process. We are also setting up a list server so anyone can sign up to get periodic updates. Expect to hear more from us later in August and September.

Obviously, the first Clean Energy Fund generated an impact since the Legislature supported the extension. How many projects did the first Clean Energy Fund generate and what were some of the biggest impacts?

We have already had some great successes with Clean Energy Fund 1 ([update](#)) and expect to accomplish even more as those projects continue to build out. Many of you are aware of the smart grid/energy storage projects underway with Avista, Puget Sound Energy, and Snohomish PUD but you may not know the projects have helped put Washington into the top five states for energy storage opportunities. To mention just one other example, our energy loan program has already funded more than 1,000 energy efficiency loans throughout the state.

Were there any other opportunities for the cleantech industry in this year's budgeting process?

The capital budget ([2EHB1115](#)) did include funding for several other energy related activities that may be of interest to the cleantech industry. At Commerce, we received funding for:

- Ultra-Efficient Affordable Housing Demonstration (\$2.5 million, Sec. 1033)
- Energy Efficiency and Solar Grants for Public Buildings (\$25 million, Sec. 1035)
- Low Income Weatherization (\$15 million, Sec. 1037)
- Community Energy Efficiency Program (\$5 million, Sec. 1039)

In addition, the University of Washington received funding for the Center for Advanced Materials and Clean Energy Research Test Beds (\$9 million, Sec. 5045) and Washington State University was funded to create a new Joint Center for Deployment and Research in Earth Abundant Materials (\$2 million, Sec. 5053).

I'd also add that Section 7008 of the budget now requires all major building projects over \$10 million to integrate and optimize performance, including energy efficiency, durability and lifecycle performance. That requirement is likely to encourage even "greener" public buildings.

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