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Clean Energy Solutions Capital Investment (CESCI) Loan/Grant Frequently Asked Questions

1) *Q: What is the CESCI Loan/Grant?*

A: The CESCI Loan/Grant provides financial support in the form of grants and interest-free loans to support commercial, institutional and industrial entity end-use energy efficiency projects, combined heat and power (CHP or cogen) production facilities, and new state-of-the-art efficient electric generation facilities, including Class I and II renewable energy. Financing is provided on a first-come, first-serve basis.

2) *Q: Who can apply for a CESCI Loan/Grant?*

A: To qualify for a CESCI Loan/Grant, your company or institution must meet the following criteria:

- a) New Jersey-based commercial, institutional or industrial entity which meets N.J.A.C. 7:27D-2.2 regulatory requirements as amended and approved
- b) At least \$1 million total project cost
- c) Should create or maintain jobs in New Jersey

3) *Q: How much money is available through the CESCI Loan/Grant program?*

A: Each applicant may apply for up to \$5 million in grants and/or interest-free loans through the CESCI Loan/Grant.

4) *Q: What is the maximum grant award that my company is eligible to receive?*

A: Approved companies are eligible for project financing up to 50% of the total project costs in the form of a 0% interest loan. Based on EDA scoring criteria, a percentage of the financing may be issued as a grant. The maximum grant awarded cannot exceed the lesser of 80% of the amount requested or \$2.5 million, with the remainder as a loan.

5) *Q: Are there any exceptions to the grant eligibility?*

A: Yes. Refurbished buildings and office building projects are eligible for a maximum grant award of 20%. Projects that intend to utilize Solar Renewable Energy Credits (SREC) are only eligible to receive a 0% interest loan.

6) *Q: What can CESCI Loan/Grant funds be used for?*

A: CESCI Loan/Grant financing may be used for fixed asset purchases, including real estate and equipment.

7) *Q: Are residential properties excluded?*

A: Yes, residential properties are excluded from the CESCI Loan/Grant program.



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8) *Q: What are the Terms and Conditions of the CESCO Loan/Grant?*

A: The terms and conditions for the CESCO Loan/Grant include:

- a) Maximum of 50% of project costs covered by New Jersey Energy Programs
- b) Loan Interest Rate = 0%
- c) Up to 10-year term, amortization up to 20 years based on depreciable life of asset
- d) Personal guarantees required for any person or entity with 10% or more ownership in project if debt service coverage requirement is less than 1.2:1 (based on adjusted year end financials).
- e) The authority may consider the assignment of other public grant funding in lieu of personal guarantees, provided the other public grants are no less than 120% of the loan amount and aggregated state funding does not exceed 50% of the total project cost.
- f) The Authority will take a purchase money security interest on specific assets to be purchased. If there is a bank also providing financing, we would be subordinate. Senior creditor may have a first priority lien position if providing specific asset funding.
- g) The security interest shall be filed for the full amount of the financing under CESCO loan/grant.

9) *Q: Who sells SRECs and does it impact the amortization of the loan?*

A: The borrower sells the SRECs, and SREC proceeds are assigned to the EDA to repay the loan.

10) *Q: Do we need a consultant to process our application?*

A: No, the intake form and formal application are available on the EDA website; however all intake forms must be certified by an independent professional engineer licensed in the state of NJ. If additional guidance or help is needed to fill out the application, please contact our Call Center at 800-537-7397 and they will put you through with the appropriate Business Development Officer who will assist you.

11) *Q: Can you explain the application process?*

A: The application process is as follows:

- a) **Intake Forms (accepted as of June 16, 2009)**
There will be an eligibility intake process for technical screening and basic eligibility requirements followed by a full application for those applicants which have been notified by the Agency of their technical eligibility for a CESCO Loan/Grant.
- b) **Notification of Intake Form Status**
Applicants will be notified in writing as to whether or not they are eligible under the threshold criteria by a Business Development Officer.
- c) **Approve Full Application**
The full application must be submitted via the Authority's online application and are to be reviewed by the EDA for financial viability.

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12) Q: *What is the review and award process?*

A: The review and award process is as follows:

- a) **Eligibility Review:** EDA staff will review and score intake forms based on the Project Award Criteria established by the New Jersey Department of Environmental Protection (DEP) in N.J.A.C. 7:27D-2.2. The assignment of priority points reflects the degree to which a proposed project furthers the goals of the Energy Master Plan, the Global Warming Response Act, and the Regional Greenhouse Gas Initiative (RGGI) legislation. Applicants will be informed of eligibility based on these criteria.
- b) **Project Review:** If the project meets technical eligibility criteria as described above, it will be scored by EDA staff to determine the ratio of grant to loan which may be awarded. This scoring takes into account the priority ranking score, potential job creation, location, industry and other factors.
- c) **Financial Review:** Projects will be underwritten or reviewed in accordance with EDA's standard procedures.
- d) **Authorization for Funding Assistance:** Projects which meet all eligibility, completeness and financing requirements, will be referred to EDA Board for approval. Applicants will be notified when their project will be submitted to the Board for consideration.

13) Q: *Are there any fees associated with the CESCO Loan/Grant?*

A: There are no fees associated with the CESCO Loan/Grant program; however there is a New Jersey Division of Taxation Tax Clearance Certificate Application Processing Fee of \$75 for standard processing and \$200 for expedited processing (response within 3 business days).

14) Q: *How will advances be made under CESCO Loan/Grant program?*

A: Advances will be made after invoices are sent to the EDA for review and approval.

Payment will be made as follows:

- a) If the invoice has been paid by the borrower, the borrower must provide a copy of the paid invoice together with a copy of the cancelled check. This disbursement will be made directly to the borrower in the form of a check; or
- b) If the invoice has not been paid by the borrower, the borrower must provide a copy of the invoice. A two party check will be issued to the borrower and the vendor.

15) Q: *Are there any additional requirements?*

A: All EDA funding is subject to Prevailing Wage and Affirmative Action. For more information, please see www.njeda.com/affirmativeaction for detailed guidance.



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