



## GREEN ENERGY GOALS

### Two Approaches to Going Green

The SBA has Energy Goals that can allow a business to borrow up to \$5.5 million in SBA funds per project. This can be an attractive approach for many businesses that would not otherwise be able to secure SBA 504 financing. Specific requirements must be met for a project to meet the SBA Energy Goal.

---

#### GENERAL REQUIREMENTS

Energy Goals must be supported by a third party energy audit, engineering report, or other professional evaluation deemed appropriate by SBA.

- Energy consumption must be measured in actual energy usage, e.g. kilowatt hours, therms, or gallon, not dollar costs.
- Report must, at a minimum, include (1) a description of facility or facilities, (2) current energy usage, (3) projected energy usage, based on all modifications to the building(s), and all installations/replacement/retrofits of equipment, and (4) qualifications of the party creating the report.

---

#### GOAL-SPECIFIC REQUIREMENTS

Energy goals can be met in two ways: (1) energy consumption reduction, or (2) on-site renewable energy/fuel generation. There are differences in how these two approaches are interpreted by SBA, which are detailed below.

##### 1. Energy Reduction (Retrofit or Replacement of Facility)

- Energy used must decrease by at least 10% compared to current facility's baseline.
- Energy reduction is not an option for business acquisitions or startup businesses.
- If project involves construction or acquisition of a facility, the new facility must replace an existing facility used by the Borrower located in the same local area, measured on a square footage basis.
- For retrofits of existing facilities, retrofit must reduce energy consumption at property being retrofitted by at least 10%, regardless of the energy usage of any other facilities.

##### 2. On-site Renewable Energy/Fuel Generation (New or Existing Facilities)

- Must produce at least 15% of energy used by Borrower at facility in question.
- All improvements or equipment required to generate renewable energy must be included in 504 project.
- Acceptable on-site renewable energy generation options include sun, wind, and water generated energy.
- Acceptable on-site renewable fuel production includes ethanol and biodiesel.

*B:Side Capital has prepared this document to help provide guidance as to the SBA's Energy Policy. For more detailed information, please consult most recent version of SBA Loan Program Standard Operating Procedures (SOP).*