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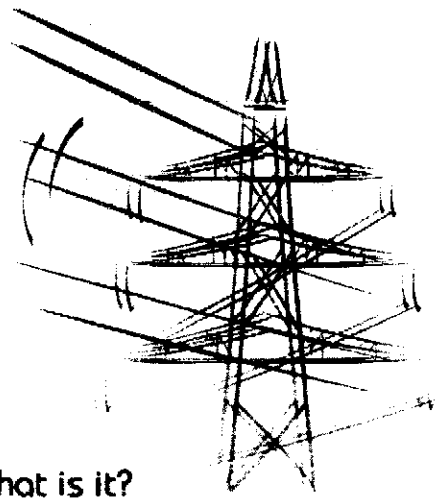
ALTERNATIVE ENERGY

Revolving Loan Program



What is it?

The Alternative Energy Revolving Loan Program was established by the 57th Montana Legislature in Senate Bill 506. Its purpose is to provide a financing option to Montana homeowners and small businesses to install alternative energy systems that generate energy for their own use. Net metering is allowed. The program is funded by air quality penalties collected by the Department of Environmental Quality.

What are Alternative Energy Systems?

Alternative energy systems are defined in MCA 15-32-102 as "the generation system or equipment used to convert energy sources into usable sources..." The code goes on to list "fuel cells that do not require hydrocarbon fuel, geothermal systems, low emission wood or biomass, wind, photovoltaic and small hydropower plants (*under 1 megawatt*), and other recognized nonfossil forms of energy generation." DEQ will provide technical review and approval of systems proposed for the loan program.

How much can I borrow?

Loans can be made up to a maximum of $~~10,000~~ 40,000 (*subject to available funds*), and must be repaid within five years. Interest rates are set annually and are fixed for the term of the loan. The rate for 2004 is 5.0 percent.

How does the process work?

DEQ will accept and process loan applications throughout the year. Approved projects will be ranked according to the criteria published in ARM, Title 17, Chapter 85, which includes items such as system reliability, return on investment and avoided fossil fuel consumption. Once a loan is approved, the applicant will be informed as to whether funds are currently available, and, if not, when new funds are anticipated.

What is net metering?

Net metering is a special installation that allows any surplus energy generated by the customer's system to go back on the utility electric system and allows the customer to receive "credit" for the electricity put back on the system at retail rates. The customer's meter measures the electricity the customer uses from the utility system less the electricity the customer's system puts back.

Net metering is available on the NorthWestern Energy and Montana-Dakota Utility systems for renewable installations of less than 50 kW capacity. Many electric co-ops also offer net-metering. Contact your local electric utility for their current net metering policy.

How can I get more information?

The Alternative Energy Revolving Loan Program is listed on the ***Energize Montana*** website ***www.energizemontana.com***. You can download application materials or receive copies by contacting:

Kathi Montgomery
Phone: 841-5243
E-mail: kmontgomery@state.mt.us

Also, did you know about the...

Income Tax Credit on Alternative Energy?

"15-32-201. Amount of credit to whom available. (1) A resident individual taxpayer who completes installation of an energy system using a recognized nonfossil form of energy generation, as defined in 15-32-102, in the taxpayer's principal dwelling after December 31, 2001, is entitled to claim a tax credit in an amount equal to the cost of the system, including installation costs, less grants received, not to exceed $500, against the income tax liability imposed against the taxpayer pursuant to Chapter 30.

Up to...
$500
Tax Credit

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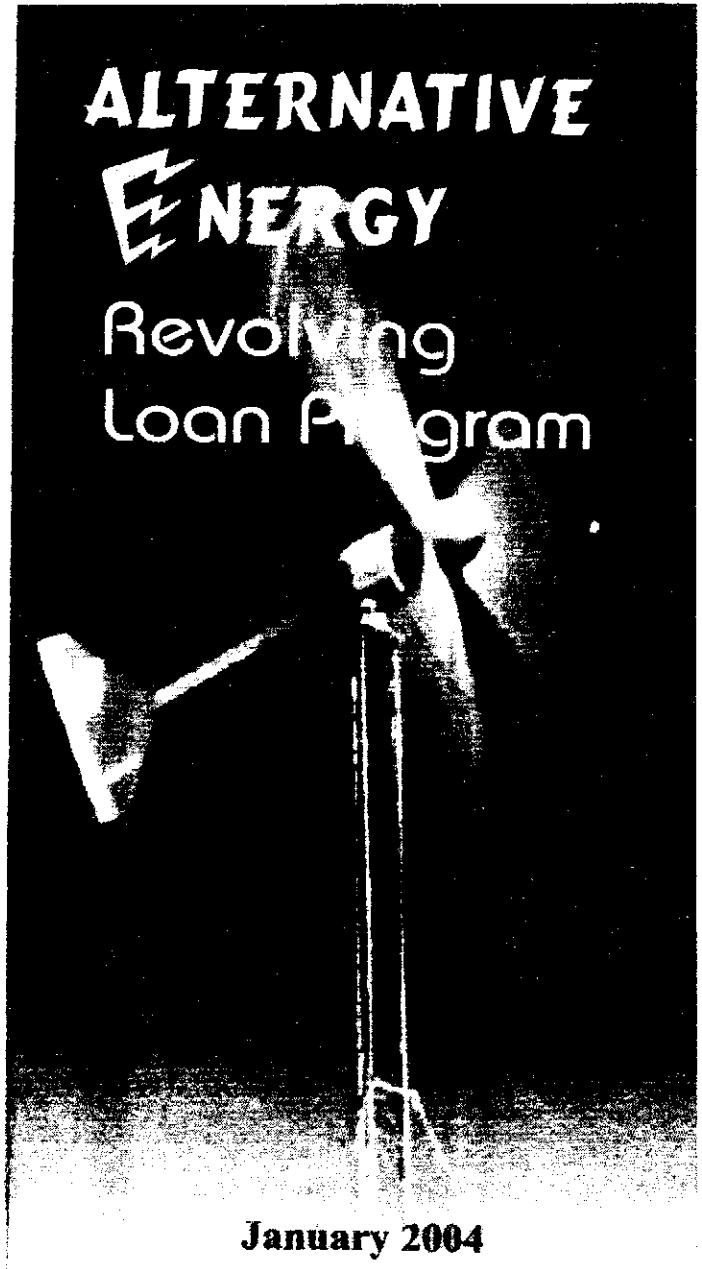

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Montana Department of ENVIRONMENTAL QUALITY