

2009 Innovations Awards Program APPLICATION

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ID # (assigned by CSG): 09-MW-03IA

Please provide the following information, adding space as necessary:

State: Iowa

Assign Program Category (applicant): Natural Resources (Use list at end of application)

1. Program Name: Iowa Power Fund
2. Administering Agency: Iowa Office of Energy Independence
3. Contact Person (Name and Title): Roya Stanley, Director
4. Address: 321 E 12th Street, Lucas State Office Bldg, Des Moines, IA 50319
5. Telephone Number: 515-281-0187
6. FAX Number: 515-281-4225
7. E-mail Address: roya.stanley@iowa.gov
8. Web site Address: www.energy.iowa.gov
9. Please provide a two-sentence description of the program.
The Power Fund was created to be a tool for the Office of Energy Independence, along with the Power Fund Board and the Due Diligence Committee, to promote the goals of Iowa's energy independence. Power Fund money is appropriated to the office to be used in providing financial assistance to entities conducting business, research or programs in Iowa: (1) to accelerate the research and development, knowledge transfer, technology innovation, and improve the economic competitiveness of efforts and (2) to increase the demand for and educate the public about energy technologies and approaches.
10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 2, 2009 to be considered. May 2007
11. Why was the program created? What problem[s] or issue[s] was it designed to address?
The Power Fund was created to nurture and develop the renewable energy/energy efficiency industry for the technologies and educational opportunities that help promote Iowa's energy independence.
12. Describe the specific activities and operations of the program in chronological order.
Projects are first submitted through the pre-application stage. Pre-applications are reviewed by program staff and forwarded to the Iowa Power Fund Due Diligence committee for initial review. Meeting bi-monthly, the Due Diligence committee discusses the project as outlined on the pre-application and vote on whether or not they would like to review a full application of the project. If the vote is "yes" the applicant is informed so that they may prepare a full application of their project. The second stage is the full application, which once received, the applicant makes a ten minute presentation on the materials within their full application. After the presentation, the Due Diligence committee is allowed 45 minutes to ask questions of the presenters regarding their project and they vote on whether the project should go to the Iowa Power Fund Board. If the vote is "yes", the applicant conducts a ten minute presentation of their project to the IPF Board. After the presentation, the IPF Board is allowed 45 minutes to ask questions of the presenters regarding their project. At the end of the Q & A session, a vote is taken on whether the IPF Board wants move forward with project term negotiations. If

the vote is "yes" the applicant begins the third stage of the process by having a negotiating team, comprised of IPF Board members, assigned to their application and project term negotiations are entered with the applicant. During this time, a technical review of the project might be conducted and a term sheet drawn by the negotiating team. If the applicant agrees to the term sheet, they sign it and it is presented to the next IPF Board meeting. At that meeting, the IPF Board votes on whether the project should be awarded a contract. If the vote is "yes" the applicant enters into contract negotiations. Once a contract is signed by both the applicant and the Director of the Iowa Office of Energy Independence, the project becomes supported by the Iowa Power Fund.

13. Why is the program a new and creative approach or method?

The Iowa Power Fund allows for opportunities in research and development, commercialization, and education for renewable energy/energy efficiency projects that don't typically fall within the parameters designed for industry through the conventional means of the Iowa Department of Economic Development. Through the application and due diligence process, the Power Fund Board is able to judge a project by the contributions it might provide to the energy industry through innovation.

14. What were the program's start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

\$365K was used for start-up costs for purchasing computers, office equipment, hire staff, etc.

15. What are the program's annual operational costs?

The first year's appropriation was 1.5% of the total Power Fund allocation for that year. The second year's appropriation was 3.5%.

16. How is the program funded?

The program is funded through a four-year standing appropriation from 2007 through 2011 for a total of \$100 million dollars. Each year, \$25 million dollars is allocated from the State of Iowa's General Operating Fund

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number. House Files 918 and 927 for legislative year 2007

18. What equipment, technology and software are used to operate and administer this program?

Computers, Microsoft products

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator's name, present address, telephone number and e-mail address.

Yes, the program originated with Governor Chet Culver, the Culver administration and the 2007 Iowa Legislature and is currently administered by Roya Stanley, Director of the Iowa Office of Energy Independence.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?

Pennsylvania and Texas have programs that function in slightly different ways. The Texas Fund is for economic development of new technologies and the Pennsylvania Fund is more similar for technology and development.

21. Has the program been fully implemented? If NO, what actions remain to be taken? Yes

22. Briefly evaluate (pro and con) the program's effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.

Being a new program, similar to a start-up business, there is always an evolution process that occurs due to a program's infancy. One of the limitations discovered through creating the Power Fund process was that our legislative criteria was fairly broad and undefined. Therefore, there wasn't efficient strategic direction to work from in the initial stages which created challenges for the administration process of the Iowa Power Fund. Through effective communication, organizational development and collaborative alliances with several established state agencies the Iowa Office of Energy Independence and the Iowa Power Fund Board were able to create the process, receive applications, approve applications and award approximately \$31 million dollars in Power Fund grants, leveraging \$181 million

dollars in private and federal funding within the State of Iowa. Although the process has become successful so that monies have been awarded to drive innovation in excellence in renewable energy and energy efficiency, the Iowa Power Fund continues to evolve and improve the process.

23. How has the program grown and/or changed since its inception?

The general direction remains the same.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?

A limitation that's been encountered is the expectation from the legislative and executive branches of state government that project results would be immediately available as they related to the awarded grants. The question that had to be answered was how should the IPF Board and the Office of Energy Independence establish appropriate expectations for funded project results, given that their key goals are early stage commercialization and research and development. As such, these types of projects are high risk/high reward endeavors and do not typically have immediate results, but instead have measured success within years.

2009 Innovations Awards Program Program Categories and Subcategories

Use these as guidelines to determine the appropriate Program Category for your state's submission and list that program category on page one of this application. Choose only one.

Infrastructure and Economic Development

- Business/Commerce
- Economic Development
- Transportation

Government Operations

- Administration
- Elections
- Public Information
- Revenue

Health & Human Services

- Aging
- Children & Families
- Health Services
- Housing
- Human Services

Human Resources/Education

- Education
- Labor
- Management
- Personnel
- Training and Development
- Workforce Development

Natural Resources

- Agriculture
- Energy
- Environment
- Environmental Protection
- Natural Resources
- Parks & Recreation
- Water Resources

Public Safety/Corrections

- Corrections
- Courts
- Criminal Justice
- Drugs
- Emergency Management
- Public Safety

Save in .doc or rtf. Return completed application electronically to innovations@csg.org or mail to:

CSG Innovations Awards 2009
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Lexington, KY 40578-1910

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This application is also available at www.csg.org, in the Programs section.

Deadline: March 2, 2009