

POWERING FORWARD

1st Source Bank Making a Solar Impact

Solar financing is heating up at 1st Source Bank. The South Bend-based organization has invested in 10 solar projects in six states in a little more than a year, including two in Indiana and one in Michigan.

Commercial solar energy projects entered the company's orbit a few years ago when the bank was considering areas with profitable growth potential that would capitalize on its previous experience in specialized fields, relates Russ Cramer, vice president of solar financing at 1st Source Bank.

"Approximately half of the bank's nearly \$6 billion in assets is made up of specialty finance loans focused on niche markets across the nation and also in a few international markets," Cramer points out. Other examples include corporate and personal aircraft, truck and auto rental and leasing, and construction equipment.

The bank's first solar foray, in late 2016, transformed a brownfield in Kokomo into an environmental asset with Duke Energy as the off-taker, or energy buyer. A recent partnership with Warsaw Community Schools will finance \$9.3 million in solar energy equipment – enough for six schools. That adds to a growing number of school projects, including a 45-acre solar carport (about the size of 34 football fields) at Michigan State University in East Lansing.

"There's quite a demand for projects that are in the smaller market. We saw that as an underserved area," Cramer adds, noting that in this case "smaller" means under 20 megawatts, or roughly \$40 million in construction costs.



A solar carport covering more than 4,500 parking space at Michigan State University is one of 10 solar projects 1st Source Bank has invested in since late 2016.

In addition to utility and school projects in Indiana and Michigan, 1st Source Bank has funded solar development in Massachusetts, Minnesota, Montana and Rhode Island. Some of these include commercial customers and community projects, where more than one entity purchases the energy.

The bank offers what Cramer calls its "all-in-one approach" for commercial solar developers, combining tax equity investment with construction and permanent loan financing.

"We receive positive feedback from the developers that this is a good way for them to come to one source for the majority of the

capital they need to finance a project," he notes. "A lot of our developers really like the efficiency and some of the cost savings that come from that."

Cramer says a federal investment tax credit of 30% for solar was extended through 2019. It will decrease during the following years, leveling off at 10% in 2022. However, he believes solar energy investment will continue.

"With costs coming down, we think there's a persistent, consistent effort to make solar a priority in the United States, and we're excited to be part of that movement."

RESOURCE: Russ Cramer, 1st Source Bank, at www.1stsource.com/business/industry-expertise/industry-solutions/solar-financing

Research: Reduce Energy Peak, Save Big Dollars

Indiana could save between \$448 million and \$2.3 billion during the next 10 years by reducing demand for electricity during peak hours, according to a report from Advanced Energy Economy (AEE).

Utility companies must be able to provide electricity to cover the highest – or peak – periods, even if it's for only a few hours a day during one season, like summertime. If the potential load is reduced during these expected peak times, utilities don't have to invest in infrastructure to meet a higher demand, explains Vince Griffin, executive director of Indiana AEE. That also translates to lower rates and savings for consumers – businesses and residents.

"Indiana is in the top 10 for states in the nation for energy

intensity – the amount of energy we use per capita. We're No. 1 in steel manufacturing, and we're No. 3 in automobile manufacturing. So, if you could adjust that demand during those peak times, it could save a huge amount of money," Griffin points out.

In *Potential for Peak Demand Reduction in Indiana*, researchers presented strategies for system planners to consider when utilities file their integrated resource plans (IRPs) with the state showing how they will meet forecasted energy demand. The paper was prepared by Demand Side Analytics for Indiana AEE, which represents national and local AEE members in the state.

"The first conclusion is the potential to reduce demand during

periods of the day when it's the highest by commercial and industrial sources, because that's where the biggest 'win' can be, especially if you know a day ahead," Griffin shares.

To accomplish this, utility companies coordinate and communicate with industrial and commercial clients to shave the peak, or adjust when electricity is used. When companies know at least a day ahead, the demand response potential is greatest.

Some utilities are already working with a small number of industrial companies to curtail load, but more can be done instead of

building new power plants, Griffin emphasizes.

"We hope the takeaway is that the utilities that submit their IRPs are able to realize how important this is – and that they can work with everybody to do this – and the commercial and industrial folks realize it's in their best interest to do this going forward because it's going to keep their rates down. They might even be able to make money," Griffin concludes. "I think the key here is going to be creativity, identifying where the best opportunities are to make this work and integrate that into their IRPs going forward."

RESOURCE: Vince Griffin, Indiana Advanced Energy Economy, at aee.net

Caucus Forms to Aid Defense Industry Growth



More than 200 service members participate in a U.S. Armed Forces military procession during the 102nd Indianapolis 500 pre-race festivities in late May. The state is seeking to incorporate the General Assembly into the support of its military installations (*U.S. Air Force photo/Staff Sgt. Katrina Heikkinen*).

Indiana is fortifying its efforts to support and attract the defense sector by forming a caucus in the General Assembly to align legislative activity with the work of the Indiana Office of Defense Development (IODD).

"We recognize the importance of our military installations and the ability to develop the economy around them, and felt we needed to have the General Assembly as a partner moving forward," stresses Lt. Gov. Suzanne Crouch, whose portfolio of agencies includes the IODD.

The primary focus of the first defense caucus meeting in late February was

education, notably regarding the 11 military installations in Indiana.

"The ability to educate our General Assembly members through the defense caucus will help us in terms of accomplishing our goals of strengthening those military installations, increasing our national defense market share and also developing economic opportunity around those bases," Crouch explains.

"Our goal is to increase our national defense market share to 2% by 2022," she emphasizes, adding, "We don't have an active military presence in our state ... so our ability to grow our personnel salaries and

benefits is minimal. But we believe we can grow our market share in our contracts and grants, so that's where we are focused."

Indiana ranked 27th with 1% of defense spending for fiscal year 2015 for personnel and contracts – not including grants – according to a report by the U.S. Department of Defense Office of Economic Adjustment. Crouch points out that the state is 24th in the nation in defense contracts and 13th in grants, below neighboring states in both metrics.

The IODD aims to support growth around military installations by working with local economic development organizations. Crouch cites the development of WestGate@Crane Technology Park and East Gate Technology & Business Center near the Naval Surface Warfare Center Crane Division as examples of what's possible.

IODD, led by executive director Danielle Chrysler, is developing a state strategy to be released in the fall.

"Through the defense caucus, we will update and keep the Indiana General Assembly apprised of our plans and action ... so they can be in a position to help, either at the General Assembly or in their communities or by advocating on our behalf on the federal level," Crouch concludes.

The defense caucus is bipartisan, with chairs from the majority and minority parties from the House and Senate: Sen. Mark Messmer (R-Jasper), Sen. Eddie Melton (D-Merrillville), Rep. Woody Burton (R-Whiteland) and Rep. Terry Goodin (D-Austin). Crouch says the caucus will meet quarterly.

RESOURCE: Indiana Lt. Gov. Suzanne Crouch at www.in.gov/lg