



Small Business Auxiliary Power Unit Loan Program

Background

The Minnesota Pollution Control Agency (MPCA) recognizes that environmental issues can have an impact on Minnesota small businesses. For example, various anti-idling laws found throughout the country are affecting long haul truck drivers. The laws benefit the environment by reducing emissions. But drivers must either go without heat, air-conditioning, or electricity while they are stopped for extended periods or they must purchase equipment to maintain cab comfort.

Why a loan program for APUs?

Through the Diesel Emission Reduction Act, the MPCA received funding from the U.S. Environmental Protection Agency's (EPA) Midwest Clean Diesel Initiative to help small businesses purchase auxiliary power units (APUs).

The APUs are small, typically diesel-powered, generators mounted on the outside of a truck cab that provides heat, air conditioning, and electrical power to run appliances. In addition to reducing the wear and tear on the truck engine, these units are more efficient than idling the larger engine. As a result, APUs burn around a pint of diesel per hour idling versus 1- 1½ gallons of diesel burned per hour from the larger truck engine. This results in significantly reduced emissions and operator fuel savings.

While this fuel savings can create a cost savings for truck drivers, it may be difficult for owner/operators and small trucking companies to come up with the \$8,000 to \$10,000 needed to purchase a unit.

This program provides low-interest loans to small businesses to finance the purchase of these APUs. Savings from reduced fuel usage can help the business pay back the loan.

Who is eligible for the loan program?

The criteria for this program match the MPCA's Small Business Environmental Improvement Loan program. To qualify, a borrower must:

- be an existing small business corporation, sole proprietorship, partnership or association
- have less than 50 full-time employees
- have an after-tax profit of less than \$500,000
- have a net worth of less than \$1,000,000
- demonstrate an ability to repay the loan
- in addition, for diesel APUs, truck engine year must be older than 2007

Where can I find a list of APU options?

The EPA maintains a list of verified idle reduction technologies, including APUs on their website: www.epa.gov/smartway/technology/idling.htm

What are conditions of the loan?

The general terms are as follows:

- a loan amount not less than \$1,000 or more than \$50,000
- an interest rate of four percent or one-half the prime rate, whichever is greater at the time the loan is awarded
- a repayment term of not more than five years
- collateral is required (typically if purchasing a single unit, the unit itself can be the collateral)

In addition, borrowers are asked to complete an evaluation of the project's realized environmental and economic benefits. The MPCA uses this information as ongoing feedback to evaluate and enhance the program.

Please note that because the MPCA pays vendors directly for approved loans, projects that were begun or completed prior to receiving approval from the MPCA through the application process are not eligible for the program.

How do I apply for a loan?

To receive an application, contact the MPCA's Small Business Ombudsman as provided at the end of this document. Loans are awarded on a competitive basis so it is important to submit a complete application.

The number of loans awarded depends on available funds and number of applications received.

What are the evaluation criteria?

The criteria used to evaluate loan applications are the applicant's financial need and ability to secure and repay the loan, and the project's expected environmental benefits. The applicant is prompted to provide detailed information to address these criteria in the loan application.

Who decides the awards?

A screening committee composed of financial and environmental professionals evaluates each application for financial need, ability to repay and expected environmental benefits. This committee makes the final determination on all loan awards.

Please note that funds for this program are limited. As a result, the committee awards loans on a competitive basis based on available funds and number of applications received. It typically takes a minimum of 21 days to complete the process once a loan is awarded.

Contact information

For more information, or to request an application, please contact the MPCA's Small Business Ombudsman as follows:

Small Business Ombudsman
MPCA
520 Lafayette Road North
St. Paul, MN 55155
651-757-2121 or 800-985-4247
www.pca.state.mn.us/sbo

Additional resources

Midwest Clean Diesel Initiative: a collaboration of federal, state and local agencies, along with communities, non-profit organizations and private companies working together to reduce emissions from diesel engines in the Midwest.

www.epa.gov/midwestcleandiesel

SmartWay Transport Partnership: an innovative collaboration between the EPA and the freight sector designed to improve energy efficiency, reduce greenhouse gas and air pollutant emissions, and improve energy security. Companies that participate in SmartWay Transport programs save money, reduce fuel consumption and are recognized for their social responsibility and leadership.

www.epa.gov/smartway/partnership