



Committed to the Future of Rural Communities

Farm Bill Section 9007 - 7CFR 4280-Subpart B

RURAL ENERGY FOR AMERICA PROGRAM

FACT SHEET

Section 9007 – The Rural Energy for America (REAP) Program, through USDA Rural Development, offers:

Part One: (RES/EEL): **Grants, Guaranteed Loans, and Combination grant/guaranteed loans** to help **Agricultural Producers and Rural Small Businesses** purchase renewable energy systems and make energy efficiency improvements in rural areas.

Part Two: (Feasibility): Provides **Grants to Agricultural Producers and Rural Small Businesses** to conduct feasibility studies for renewable energy systems.

Part Three: (EA/REDA): Provides grants for energy audits and renewable energy development assistance.

Helpful Information can be found at <http://www.rurdev.usda.gov/rbs/farmbill/index.html>

Part One – Renewable Energy or Energy Efficiency Projects (RES/EEL)

Who is Eligible?

- ✓ An **agriculture producer** (individual or entity) directly engaged in the production of agriculture products and obtains at least 50% or greater of their gross income from their agriculture business.
- ✓ A **rural small business** – an entity is considered a small business in accordance with SBA'S (Small Business Administration) small business size standards (by NAICS codes). SBA small size standards can be found at <http://www.sba.gov/size/index.html>
 - ***A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501 (c) (12) of the Internal Revenue Code.
 - ***An electric utility, including a Tribal or government electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA's definition of small business. These entities must operate independent of direct government control.
- ✓ With the exception of the entities described above, all other non-profit organizations and public entities are **excluded**.
- ✓ For projects with total eligible costs **exceeding \$200,000**, agricultural producers and rural small businesses with a demonstrated financial need.
- ✓ For projects with total eligible costs of **\$200,000 or less**, applicants must provide a statement certifying their financial need.

We encourage you to start planning your project now. Do not wait until the due date to submit your application.

FY 2010 Due Date: To be determined – Applications can be submitted anytime. Two copies of your renewable energy or energy efficiency application are to be submitted to USDA Rural Development.

Part One Continued:

To qualify for consideration of funding, an application must meet the application requirements, technical requirements, and environmental requirements. Please contact Rural Development for the specific application requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects and stand alone feasibility studies. Only one application for each type of project may be submitted per year. A Renewable energy application cannot be submitted in the same fiscal year when a feasibility study grant application has been submitted for the same renewable energy system project.

Eligible Project Types for Renewable Energy Systems or Energy Efficiency Projects:

	Renewable Energy Projects	Energy Efficiency Improvement Projects
Categories of projects <i>(The project must be located in a rural area – less than 50,000 population.) Please see our property eligibility locator at: http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do</i>	Renewable Biomass, Anaerobic Digester Geothermal – electric generation Geothermal – direct use Hydrogen Small and Large Wind Small and Large Solar Hydro – Electric 30 megawatts or less Ocean (including tidal, wave, current, and Thermal)	Energy Efficiency Improvements verified by an energy audit or assessment.

Program Information (Eligible Project Costs)

	Grant	Guaranteed Loan	Combination Grant & Guaranteed Loan
Who is the applicant?	Agriculture producer or rural small business.	A lender is the applicant seeking a guarantee on a loan to an agriculture producer or a rural small business.	2 applications needed. The grant application is from the agriculture producer or the rural small business. The lender submits an application for the guaranteed loan.
What are eligible costs? <i>(All eligible project must be located in a rural area and utilize a replicable commercially available, and feasible technology.</i> <i>The applicant must be the owner of the project and control the operation and maintenance of the proposed project.</i> <i>Applicants must demonstrate the project has sufficient revenues to provide for operation and maintenance.</i>	1. Post application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment and vehicles. 2. Post application construction or project improvements, <u>except residential</u> 3. Energy audits or assessments 4. Permit and license fees 5. Professional service fees, except for application preparation. 6. Feasibility studies (reimbursable as part of a larger project or as a stand alone project) 7. Technical Reports 8. Business Plans 9. Retrofitting 10. Construction of new energy efficient facility only when the facility is used for the same purpose; is approximately the same size; and based on the energy audit, will provide energy savings than improving an existing facility.	The same eligible costs as listed for a grant, with the addition of: 10. Working capital 11. Land Acquisition	Only the guaranteed portion can be used for working capital or land acquisition.

Part Two – Stand Alone Feasibility Studies (Feasibility)

Purpose: Any renewable energy project (financed through the Rural Energy for America Program) in excess of \$200,000 total eligible project costs is required to provide a feasibility study. Section 9007 Rural Energy for America Program can now provide separate financing for feasibility studies.

Applicant Eligibility: An Agricultural Producer or Rural Small Business (same eligibility criteria under Part One.)

Project Eligibility: The feasibility study must be for a renewable energy system to be located in a rural area using technology that is pre-commercially or commercially available.

Maximum Grant Amount:

- \$50,000 or up to 25% of total eligible costs.
- The project must be done within 24 months of signing the grant agreement.

Use of Grant Funds: Costs incurred after the application date specific to the development of the feasibility study.

Application Restrictions:

- Can only be submitted as a stand alone grant application.
- Cannot be submitted for a renewable energy system project for which a feasibility study has been conducted or funded under any Federal or State program.
- Can be submitted for a modification to an existing renewable energy system.
- A renewable energy application cannot be submitted in the same fiscal year if a feasibility study grant application has been submitted for the same renewable energy system project.

Application Process:

FY 2010 Due Date: To be determined. Applications can be submitted anytime.

Two (2) copies of your feasibility study application are to be submitted to USDA Rural Development.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects and stand alone feasibility studies. Only one application for each type of project may be submitted per year. A Renewable energy application cannot be submitted in the same fiscal year when a feasibility study grant application has been submitted for the same renewable energy system project.

Selection Factors:

- Energy replacement or generation
- Commitment of funds for the feasibility study
- Designation as a small agricultural producer/very small rural business
- Experience and qualification of the entity identified to perform the feasibility study
- Size of feasibility study grant
- Resources to implement the project.

Part Three – Energy Audit and Renewable Energy Assistance Grants (EA/REDA)

Purpose: Grants to eligible applicants who will assist agricultural producers and rural small businesses by conducting energy audits and providing recommendations and information on renewable energy development assistance and improving energy efficiency.

Applicant Eligibility:

- A unit of State, tribal or local government.
- A land-grant college, a university, or another institution of higher education
- A rural electric cooperative; or
- A public power entity

Use of Grant Funds:

- Conducting and promoting energy audits
- Conducting and promoting renewable energy development assistance
- Assistance can be provided only to facilities located in rural areas (less than 50,000 population)
- The agricultural producer or rural small business must pay for at least 25% of the cost of the energy audit
- The grant funds must be utilized within 24 months from the date of the grant agreement

Maximum Grant Amounts: Maximum grant is \$100,000

Application Process:

- Applications maybe submitted electronically via www.grants.gov or to an USDA Rural Development office
- Applications can be submitted anytime
- Applicants are advised to submit their applications as far ahead of the due date as possible to assure the application can be determined complete prior to the deadline.

Selection Factors:

- The in-house ability of the applicant to conduct audits versus using third party auditing organizations as illustrated in the application
- Whether administrative expenses will be claimed for the project
- Experience of the applicant in providing the proposed services
- Geographic scope of the project in relation to identified need
- Audit cost
- Existing program which reflects energy savings
- Awards the applicant has received for its renewable energy, energy savings, or energy based educational programming
- Completeness of the marketing and outreach plan
- Level and commitment of funds from other non-state and non-federal governmental matching funds

How Much Assistance can be Provided? Parts One, Two and Three

Part One: Renewable Energy and Energy Efficiency Projects		
	Renewable Energy Projects	Energy Efficiency Improvement Projects
Description	A system that produces or produces or delivers usable energy from a renewable energy source.	Improvements to a facility, building, or process that reduces energy consumption.
Minimum grant (no more than 25% of total eligible project costs)	\$2,500	\$1,500
	Total minimum project size \$10,000	Total minimum project size \$6,000
Maximum grant (no more than 25% of total eligible project costs)	\$500,000	\$250,000
Maximum grant per applicant per fiscal year: \$750,000		
Minimum guaranteed loan (no more than 75% of total eligible project costs)	\$5,000	\$5,000
Maximum guaranteed loan (no more than 75% of total eligible project costs)	\$25,000,000	\$25,000,000
Minimum grant portion of the combined funding request	\$1,500	\$1,500
Maximum grant portion of the combined funding request	\$500,000	\$250,000
Maximum combination grant/guaranteed loan (no more than 75% of total eligible project costs) \$25,000,000		
	Renewable Energy Projects	Energy Efficiency Improvement Projects
Services of a Professional Engineer required?	Projects with total eligible costs > \$400,000	Projects with total eligible costs > \$200,000
Energy audit or energy assessment required?	NO	Required for all energy efficiency projects. Projects with total eligible costs > \$50,000 require an energy audit.
Business Level Feasibility study required?	Projects with total eligible costs > \$200,000	NO
Technical Report Required	Yes	Yes
Part Two: Feasibility Study Grants		
	Renewable Energy Projects	Energy Efficiency Improvement Projects
Stand Alone Feasibility Studies	Maximum Grant \$50,000	Not Eligible.
Part Three: Energy Audit & Renewable Energy Assistance Grants		
Maximum Grant \$100,000		

When are Applications Due in FY 2010? (10-1-09 to 9-30-10)

Program	State and/or National Allocation	Application Submission Frequency	Date Applications are due to MI Offices
RES/EEI grants	ESTIMATED \$15,800,000.00	Anytime	To Be Determined
RES/EEI guaranteed loans	ESTIMATED \$204,000,000.00. <i>Any unused funds at end of FY revert back to grant funds.</i>	Anytime	To Be Determined
RES/EEI combination Grants/guaranteed loan	Grant portion from grant allocation. Guaranteed loan portion from guaranteed loan allocation	Anytime	To Be Determined
Stand Alone Feasibility Studies		Anytime	To Be Determined
Energy Audit – Renewable Energy Assistance Grants		Anytime	To Be Determined

We Encourage You to Start Planning Your Project Now.

Where to Send Applications?

Two (2) copies of your application are to be submitted to the USDA Rural Development. Please see Michigan Business Cooperative Staff contact information on the next page.

Selection is based on a state wide competition for funds. To qualify for consideration for funding, an application must meet the application requirements, technical requirements, and environmental requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application per each type of project may be submitted per year.

(revision 3/2010)



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Committed to the future of rural communities.

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