

USDA Rural Development

Farm Bill Section 9006: Renewable Energy and Energy Efficiency Program



Committed to the future of rural communities.

Eligible Applicants

Agricultural Producers

Individuals or entities directly engaged in the production of agricultural products and that obtain at least 50% or greater of their gross income from their agriculture businesses.

Eligible Applicants

Rural Small Businesses

An entity is considered a rural small business in accordance with the Small Business Administration standards by NAICS codes and is 'rural' if located outside of the municipality of Anchorage.

SBA small business size standards can be found at <http://www.sba.gov/size/index.html>

Eligible Applicants

Rural Small Businesses (continued)

Electric utilities including Tribal or governmental electric utilities that provide services to rural consumers on a cost-of-service basis without support from public funds or governmental subsidies provided such utilities meet SBA's definition of small business

Two Types of Eligible Projects

Renewable Energy Projects

- Biomass
- Anaerobic Digester
- Geothermal – electric generation
- Geothermal – direct use
- Hydrogen
- Wind
- Solar

Energy Efficiency Improvements Projects

- Improvements to a business facility, building or process that reduces energy consumption
- Improvements verified by an energy audit or assessment.

Two Types of Financing

Loan Guarantees (FY2007)

Minimum Guarantee: \$5,000

Maximum: \$10,000,000

Loan Guarantee cannot exceed 50% of total eligible costs.

Combined grant and loan guarantee cannot exceed 50%.

Two Types of Financing

Grants (FY2007)

Renewable Energy Projects

Minimum Grant: \$2,500

Maximum Grant: \$500,000

Grant cannot exceed 25%
of total eligible costs

Grants (FY2007)

Efficiency Projects

Minimum Grant: \$1,500

Maximum Grant: \$250,000

Grant cannot exceed 25%
of total eligible costs

What are eligible costs?

Grant Program

1. Feasibility studies, technical reports
2. Business plans
3. Retrofitting
4. Post application purchase and installation of equipment except agricultural tillage equipment, used equipment, and vehicles
5. Post application construction or project improvements, except residential

What are eligible costs?

Grant Program (continued)

6. Energy audits or assessments
7. Permit and license fees
8. Professional service fees, except for application preparation
9. Construction of a 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 more energy savings than improving an existing facility

What are eligible costs?

Loan Guarantee Program

The lender is the applicant seeking a guarantee on a loan to an agricultural producer or a rural small business.

The same eligible costs as listed for a grant with the addition of:

- 10. Working capital
- 11. Land acquisition

How to apply?

Simplified grant application:

- For projects of \$200,000 or less
- Criteria and procedures are at 7 CFR 4280.109
- Applicant provides a certification of financial need
- Technical Report Guidelines can be found in Appendix A to 4280-B

How to apply?

Full grant application:

- For projects over \$200,000
- Criteria and procedures are at 7 CFR 4280.111
- Applicant has demonstrated financial need
- Technical Report Guidelines can be found in Appendix B to 4280-B

How to apply?

Loan Guarantee Reduced Application:

- For projects of \$600,000 or less
- Criteria and procedures are at 7 CFR 4280.128
- Equity by borrower not less than 15% of eligible project costs

Loan Guarantee Full Application:

- For projects over \$600,000
- Criteria and procedures are at 7 CFR 4280.128
- Equity by borrower not less than 25% of eligible project costs

How to apply?

Combination Grant and Loan Guarantee Applications

Two applications are needed:

1. The grant application is from the rural small business.
2. The loan guarantee application is submitted by the lender.

When to apply?

The Notice of Funding Availability (NOFA) for Fiscal Year 2007 set the deadlines:

- Grant-only applications: May 18th
- Loan guarantee applications or grant and loan guarantee combination applications: July 2nd

When to apply?

Grant Only Applications

The deadline for grant applications is typically in the spring. FY08 may provide for two funding grant funding rounds.

Loan Guarantee Applications

Decisions on funding are made throughout the year on a monthly basis.

Combination Grant & Loan Guarantee Applications

Decisions on funding are made on a monthly basis throughout the year. FY07 had one-half of the grant funds set-aside.

Where to find detailed resources?

Sources for detailed information and resources on the Renewable Energy – Energy Efficiency Program:

USDA Rural Development National Office:
www.rurdev.usda.gov/rbs/

USDA Rural Development Iowa State Office:
www.rurdev.usda.gov/ia/rbcs_RE-EE_Section_9006.html



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How much money is available?

Funding in Fiscal Year 2007 is over \$180 million:

- \$11.385 million in grants
 - \$176.5 million in loan guarantees
- With the additional potential of unused loan guarantee funds pooling into grant money late in the fiscal year
- Potential of \$50 million in grants for FY08

How competitive is the program?

For Fiscal Year 2007:

Energy Efficiency – 600 projects totaling \$68 million

Renewable Energy – 253 projects totaling \$1.2 billion

Total: 853 projects

\$ 64 million in grant applications

\$126 million in loan guarantee applications

\$1.334 billion in total project costs



Another option for Ag Producers

Value Added Producer Grant

<http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

- Up to 50% of total cost for ag producers for renewable energy feasibility studies and projects
- Not accessible to other rural small businesses
- Application deadline and funding level published in early spring of each year

Who to contact?

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Additional Information

- National Renewable Energy Lab:
<http://www.nrel.gov/programs>
- Database of State (and Federal) Incentives for Renewables & Efficiency <http://www.dsireusa.org/>
- Alaska Energy Authority:
[http://www.aidea.org/aea/programsalternative\(2\).html](http://www.aidea.org/aea/programsalternative(2).html)
- Alaska Energy Portal: <http://www.akenergy.net/>
- Renewable Energy Alaska Project (REAP):
<http://www.alaskarenewableenergy.org/>