



Committed to the future of rural communities.

USDA Rural Development Energy Programs

America's 21st century energy landscape presents needs that are greater than ever before. We face new challenges to reduce dependence on imported oil; to improve the environment; and to make clean, sustainable and affordable energy alternatives available to businesses. USDA Rural Development is helping to lead the way in the agriculture sector – finding energy solutions in our fields and helping rural residents and communities access renewable energy systems and use energy more efficiently. USDA Rural Development provides funding for the development and commercialization of renewable energy sources – including wind, solar, geothermal, hydrogen, ocean waves, hydroelectric, biomass, and biofuel (ethanol, biodiesel, etc.) – to change the way people power their cars, homes, businesses, and industries. By making renewable energy sources commercially viable, USDA Rural Development is also creating sustainable opportunities for wealth, new jobs, and increased economic activity in rural America.

Rural Energy for America Program (REAP)

(Formerly the Renewable Energy Systems and Energy Efficiency Improvements Program.) Provides loan guarantees and grants to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy-efficiency improvements. Renewable energy systems include those that generate energy from wind, the sun, biomass, geothermal sources, or that produce hydrogen from biomass or water using renewable energy, and ocean and hydroelectric source technologies. Energy-efficiency projects typically involve installing or upgrading equipment to significantly reduce energy use. Energy audits and feasibility studies are also eligible for assistance. Eligible applicants for energy audits include State, tribe, or local governments; land-grant colleges and universities; rural electric cooperatives; and public power entities. Eligible applicants for feasibility studies include rural small businesses and agricultural producers.

Value-Added Producer Grant Program

Provides grants for planning activities and for working capital for marketing value-added agricultural products, and for farm-based renewable energy. Priority is given to applicants who have at least 51 percent of project costs dedicated to activities for a bioenergy project. Eligible applicants include independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.

Business and Industry (B&I) Guaranteed Loan Program

Provides financial backing for rural businesses through guarantees up to 80 percent of a loan made by a commercial lender. Loans may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. Biobased, bioenergy, and other qualified energy projects may be financed through the program for technologies that convert biomass into affordable, commercially proven electricity, fuel chemicals, pharmaceuticals, and other materials in cost-competitive ways for large national and international markets.

Biomass Research and Development Program

Provides funding for research, development, and demonstration of technologies and processes leading to significant commercial production of biofuels, biobased energy innovations, development of biobased feedstocks, biobased products, and other such related processes including development of cost-competitive cellulosic ethanol. Eligibility is limited to institutions of higher learning, national laboratories, Federal or State research agencies, private sector entities, and nonprofit organizations.

Biorefinery Assistance Program

Provides loan guarantees to viable commercial-scale facilities and grants to demonstration-scale facilities to develop new and emerging technologies for advanced biofuels. Eligible entities include Indian tribes, State or local governments, corporations, farmer co-ops, agricultural producer associations, higher education institutions, rural electric co-ops, public power entities, or consortiums of any of the above.

Repowering Assistance Program

Provides payments to biorefineries that use fossil fuels to produce heat and power to replace the fossil fuels with renewable biomass. To be eligible, the biorefineries must have been in existence as of June 18, 2008, and applicants must demonstrate the economic, technical, and environmental feasibility of the proposed biomass system.

Bioenergy Program for Advanced Biofuels

Provides payments to producers to support and expand production of advanced biofuels refined from sources other than cornstarch. To be eligible, producers must enter into a contract with USDA Rural Development for advanced biofuels production and submit records to document such production.

Other Business-Oriented Programs

Qualified energy-efficiency projects may be assisted through the **Rural Business Enterprise Grant Program**, which facilitates development of small and emerging private rural business enterprises; the **Rural Businesses Opportunity Grant Program**, which sustains economic development in rural communities with exceptional needs; and the **Rural Economic Development Loan and Grant Program**, which provides zero-interest loans and/or grants for sustainable rural economic development and job creation projects for Rural Development electric and telephone utility loan borrowers. Applicants for these programs should contact their local Rural Development Energy Coordinator.

Cooperative Programs' Energy Research

Conducts and oversees a range of research related to the economics and business of renewable energy. The research provides a greater understanding of business options, market conditions, and policy implications of renewable fuels for renewable energy investors, entrepreneurs, business assistance providers, and policy makers.

Direct and Guaranteed Electric Loan Program

Provides financing to eligible nonprofit utility organizations, such as electric co-ops and public utility districts, to develop renewable energy, hydroelectric, biomass, photovoltaic, and wind-powered renewable energy projects developed by Electric Program loan borrowers. In addition to on- and off-grid renewable energy systems, the loan and loan guarantees may also be used to finance energy conservation programs.

High Energy Cost Grants Program

Provides financing to energy generation, transmission and distribution facilities that serve communities with average home energy costs exceeding 275 percent of the national average. Grant funds may be used for on- and off-grid renewable energy projects, energy efficiency, and energy conservation projects serving eligible communities.

Residential Energy Programs

The **Rural Energy Plus Program** provides additional incentives to certain low- and moderate-income families, who might not otherwise qualify for homeownership, to purchase an energy-efficient home. The **Home Repair and Preservation Program** provides assistance to low- and very low-income rural homeowners for critical home improvements, including weatherization, insulation and new heating systems. USDA Rural Development also provides **Housing Preservation Grants** to sponsoring organizations or rental property owners for the repair or rehabilitation of low- and very low-income multi-family housing, including energy efficiency upgrades.

See Also:

- *Business Programs* (Fact Sheet PA 1589)
- *Assistance for Rural Electric Utilities* (Fact Sheet PA 1789)

For More Information:

Visit the USDA Rural Development Web site at <http://www.rurdev.usda.gov> or call (800) 670-6553. Or contact your nearest USDA Rural Development State office or USDA Service Center. These are usually listed in telephone books under "U.S. Government, Department of Agriculture."

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9007 Renewable Energy for America Program



The Section 9007 Renewable Energy for America Program (REAP) provides financial assistance to purchase renewable energy systems or make energy efficiency improvements to rural small businesses.

- REAP Projects reduce energy consumption and decrease operating costs by reducing or eliminating the need to purchase energy from traditional sources.
- Applicants must be located in a rural area of less than 50,000 population and meet the Small Business Size Standards located at <http://sbagov/size/index.html>.
- Funds can be used for construction or improvements, purchase and installation of equipment, and energy audits.
- The program provides up to 25% grant with energy efficiency grants maxing out at \$250,000 and renewable energy grants maxing out at \$500,000. An additional 50% can be funded from a REAP guaranteed loan of up to \$25 million.

Contact us today!

USDA Rural Development
McKinney Area Office
Call (972) 542-0081, Extension 4
www.rurdev.usda.gov/tx/

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9007 Renewable Energy for America Program



The Section 9007 Renewable Energy for America Program (REAP) provides financial assistance to purchase renewable energy systems or make energy efficiency improvements to agricultural producers who receive at least 50% of their gross income from agriculture and rural small businesses.

- Generate additional revenue while continuing existing operations.
- Energy-efficient farms reduce energy costs, increase available capital, spur economic growth and improve agriculture's working environment.
- Enjoy savings and increased reliability for years.
- The program provides up to 25% grant with energy efficiency grants maxing out at \$250,000 and renewable energy grants maxing out at \$500,000. An additional 50% can be funded from a REAP guaranteed loan of up to \$25 million.

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⚡ RENEWABLE ENERGY ⚡ Grants for farms & rural businesses REAP Program * (Rural Energy for America Program)

*** PLEASE NOTE:** This overview is largely based on RD's §9006 program, which the 2008 Farm Bill reauthorized, revised, & renamed "REAP". **Final regulations on the new REAP program are still pending, so changes are possible.**

Grants for renewable energy projects – wind, solar, biomass, biofuels, micro-hydro, geothermal, & anaerobic digesters

The REAP program provides grants (& loan guarantees) to rural small businesses & agricultural producers for **up to 25% of the cost** to purchase & install renewable energy generation systems. *Energy efficiency projects (which are discussed in a separate information sheet) are also eligible for assistance under this program.*

Funds available

In FY2008, **over \$34 million** in REAP grants were awarded. **Over \$50 million may be available in FY2009.**

Grant size: \$500,000 maximum (\$2,500 minimum) per project – **cannot exceed 25% of total project cost.**

Eligible applicants

Rural small businesses – “**Rural**” means the project is not located in a Census-defined Metropolitan Statistical Areas. “**Small**” is as defined by SBA and depends on business type – typically < 500 employees & revenue < \$6.5 million. SBA defines “small” power generators as producing < 4 million MW-hrs/yr; biofuel manufacturers with < 1,000 employees.

Agricultural producers (including *nurseries & dairies*) – individuals or business entities receiving at least 50% of gross income from agriculture. (The SBA-“small business” limitation does not apply to ag producers.)

Preference is given to “very small businesses” – those with < 15 employees & < \$1 million in annual receipts.

The applicant must have a demonstrable financial need for the grant assistance.

Majority ownership must be held by US citizens or permanent residents.

Nonprofits & public projects are not eligible.

Eligible purposes

Purchase and installation **in a rural location** of a renewable energy generating system, limited to the following:

1. Biomass, bio-energy – producing fuel (e.g., biodiesel, ethanol), thermal energy, or electric power from a biomass source (crops, trees, wood, plants, & their residues and fats, oils, & greases, but excluding animal waste, paper, & unsegregated solid waste)
2. Biomass, anaerobic digesters – producing thermal energy or electric power via anaerobic digestion using animal waste & other organic substrates
3. Geothermal, electric generation – electric power from the thermal potential of a geothermal source
4. Geothermal, direct use – producing thermal energy directly from a geothermal source
5. Hydrogen – renewable energy systems using hydrogen as an energy transport medium
6. Solar, small – electric projects with rated power ≤ 10 kW; thermal projects with rated storage ≤ 240 gallons
7. Solar, large – electric projects with rated power >10 kW; thermal projects with rated storage >240 gallons
8. Wind, small – systems with a ≤ 100 kW-rated wind turbine & with a generator hub height of ≤ 120 feet
9. Wind, large – systems with a >100 kW-rated wind turbine
10. Hydroelectric – electric power from micro-hydro projects
11. Ocean – energy generation from tidal, wave, current, & thermal sources – but **not** for R&D technologies

Strong preference is given for technology that is “**commercially available**” – i.e., that has a proven operating history and has an established design, installation, & service industry. *Pre-commercial technologies* – i.e., those that have emerged through the R&D process and have commercial potential – may qualify, but require substantially more documentation. Experimental or R&D projects are not eligible.

The applicant must own & control the system, though a qualified third-party may be engaged to operate it.

Authorized uses

- Renewable energy *machinery & equipment* – purchase & installation (including reimbursement for these costs only if the costs were incurred *after* submitting your application).
- Renewable energy *real estate improvements* – materials & construction (including reimbursement for these costs only if the costs were incurred *after* submitting your application).
- *Feasibility studies, technical/engineering reports*, permits, professional fees, & business plans (including reimbursement for such costs whether incurred *before or after* application date).

Application process

“Simplified” applications are allowed for projects seeking ≤ \$50,000 grant & with ≤ \$200,000 total project cost, and only for proposals using commercially-available technologies.

Grants are awarded twice a year via a national competition. USDA only accepts applications during certain periods. [The window for submitting applications in FY2009 has not yet been announced.](#)

Additional requirements

Matching funds – 75% of the project cost must come from non-Federal funds. “In-kind” contributions from third parties of up to 10% of the project cost may be counted toward the match.

Feasibility study – a detailed, project-specific study by an *independent* consultant is required on projects costing > \$200,000.

Technical report – a detailed, project-specific report, including engineering drawings & process flow charts, by a *professional engineer (PE)* is required. (Projects costing < \$200,000 may be exempt from PE requirement.)

Established market for energy to be generated – projects to be interconnected with an electric utility must have an *interconnection agreement* (or letter of intent) or *power purchase agreement* at the time of application.

Interim financing – Grant funds are typically disbursed when the project is complete, tested, & certified operational.

Priority Point System

REAP applications are competitively chosen for funding based on the following weighted selection criteria:

Max Points	Grant selection criteria
15	Energy replaced, saved, or generated (Up to 15 pts for net-metered; 10 pts for generation projects)
10	Environmental benefits – the project helps meet state environmental goals (true for Oregon)
10	Commercial availability of the system (max points for improvements with a 5+ year warranty)
10% of 35pts	Technical merit score – qualifications of the project team
5% of 35pts	Technical merit score – agreements & permits
10% of 35pts	Technical merit score – energy or resource assessment
30% of 35pts	Technical merit score – design & engineering
5% of 35pts	Technical merit score – project development schedule
20% of 35pts	Technical merit score – financial feasibility
5% of 35pts	Technical merit score – equipment procurement
5% of 35pts	Technical merit score – equipment installation
5% of 35pts	Technical merit score – operations & maintenance
5% of 35pts	Technical merit score – decommissioning
15	Readiness (max points if all other funding sources have already given written commitment)
10	“Smallness” of applicant (max points if <\$1 MM gross revenue for business, <\$200,000 for farms)
5	“Small” project (i.e., ≤ \$50,000 grant & ≤ \$200,000 project) using simplified application
5	No previous REAP award to applicant within last 2 years
10	Time for project to repay cost of investment (max points if simple payback in <4 years)

Shaded points are awarded by independent technical review committees; other points awarded by USDA.

For more information, contact Rural Development State Office at (254) 742-9780



ENERGY EFFICIENCY Grants for farms & rural businesses REAP Program * (Rural Energy for America Program)

*** PLEASE NOTE:** This overview is largely based on RD's \$9006 program, which the 2008 Farm Bill reauthorized, revised, & renamed "REAP". **Final regulations on the new REAP program are still pending, so changes are possible.**

Grants for energy efficiency measures – e.g., lighting, heating, cooling, insulation, & pump improvements

The REAP program provides grants (& loan guarantees) to rural small businesses & agricultural producers for **up to 25% of the cost** of making energy efficiency improvements to their facilities. *Renewable energy generation projects (which are discussed in a separate information sheet) are also eligible for assistance under this program.*

Funds available

In FY2008, **over \$34 million** in REAP grants were awarded. **Over \$50 million may be available in FY2009.**
Grant size: \$250,000 maximum (\$1,500 minimum) per project – cannot exceed 25% of total project cost.

Eligible applicants

Rural small businesses – “**Rural**” means the project is not located in a Census-defined Metropolitan Statistical Areas. “**Small**” is as defined by SBA and depends on business type – typically < 500 employees & revenue < \$6.5 million.

Agricultural producers (including *nurseries & dairies*) – individuals or business entities receiving at least 50% of gross income from agriculture. (The SBA-“small business” limitation does not apply to ag producers.)

Preference is given to “very small businesses” – those with < 15 employees & < \$1 million in annual receipts. The applicant must have a demonstrable financial need for the grant assistance.

Majority ownership must be held by US citizens or permanent residents.
Nonprofits & public projects are not eligible.

Eligible purposes

Purchase & installation **in a rural location** of non-residential **energy efficiency improvements** to a building or process resulting in reduced energy consumption.

Strong preference is given for technology that is “**commercially available**” – i.e., that has a proven operating history and has an established design, installation, & service industry. *Pre-commercial technologies* – i.e., those that have emerged through the R&D process and have commercial potential – may qualify, but require substantially more documentation. Experimental or R&D projects are not eligible.

The applicant must own & control the system, though a qualified third-party may be engaged to operate it.

Authorized uses

- Energy-efficient fixtures, **machinery & equipment** (new or refurbished) – both purchase & installation (including reimbursement for these costs only if the costs were incurred after submitting your application).
 - » Vehicles & farm equipment are ineligible
- Energy-efficient **real estate improvements** – both materials & construction (including reimbursement for these costs only if the costs were incurred after submitting your application)
 - » New facilities are ineligible unless they exactly *replace* an existing inefficient facility in the same size & purpose. Furthermore, the REAP assistance is limited to costs directly attributed to energy efficiency improvements over & above conventional design and as supported by an energy audit.
- **Energy audits**, permits, professional fees (except application packaging), feasibility studies, & business plans (including reimbursement for such costs whether incurred before or after applying)

Application process

“Simplified” applications are allowed for projects seeking ≤ \$50,000 grant & with ≤ \$200,000 total project cost. Grants are awarded twice a year via a national competition. USDA only accepts applications during certain periods.

Additional requirements

Matching funds – 75% of the project cost must come from non-Federal funds. “In-kind” contributions from third parties of up to 10% of the project cost may be counted toward the match.

Energy audit – a report by an independent, professional, qualified party (such as a Certified Energy Manager) is required with the application. (Applications for < \$50,000 are exempt from this requirement, but receive extra priority points for meeting it.) The audit must address current energy use, recommended improvements & costs, energy savings from the improvements, dollars saved per year, and weighted-average payback in years.

Interim financing – Grant funds are typically disbursed when the project is complete, tested, & certified operational.

Priority Point System

REAP applications are competitively chosen for funding based on the following weighted selection criteria:

Max Points	Grant selection criteria
15	Energy saved (max points for projects with ≥ 35% energy savings)
5	Professional energy audit obtained (these points are given only if total project cost is ≤ \$50,000)
10	Environmental benefits – the project helps meet state environmental goals (true for Oregon)
10	Commercial availability of the system (max points for improvements with a 5+ year warranty)
10% of 35pts	Technical merit score – qualifications of the project team
5% of 35pts	Technical merit score – agreements & permits
10% of 35pts	Technical merit score – energy savings audit/assessment
30% of 35pts	Technical merit score – design & engineering
5% of 35pts	Technical merit score – project development schedule
20% of 35pts	Technical merit score – financial feasibility
5% of 35pts	Technical merit score – equipment procurement
5% of 35pts	Technical merit score – equipment installation
5% of 35pts	Technical merit score – operations & maintenance
5% of 35pts	Technical merit score – decommissioning
15	Readiness (max points if all other funding sources have already given written commitment)
10	“Smallness” of applicant (max points if <\$1 MM gross revenue for business, <\$200,000 for farms)
5	“Small” project (i.e., ≤ \$50,000 grant & ≤ \$200,000 project) using simplified application
5	No previous REAP award to applicant within last 2 years
10	Time for project to repay cost of investment (max points if simple payback in <4 years)

Shaded points are awarded by independent technical review committees; other points awarded by USDA.

GET STARTED NOW!

1. Obtain an independent, professional energy audit. Contact your utility for suggestions.
2. Decide which energy efficiency improvements to adopt & determine approximate cost.
3. Line up other incentives. Some utilities have them.
4. Apply for REAP grant. Contact USDA to obtain an easy-to-use application template.
5. USDA announces REAP awards, usually in late summer. Once your application is submitted, you may proceed with the project. (The grant may reimburse post-application costs *only* if your application is selected for funding.)

For more information, contact the Rural Development State Office at (254) 742-9780



Section 9007 Grant Writers/Consultants

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Available to offer assistance for application process.