



Rural Energy Programs

from

USDA Rural Development



Committed to the future of rural communities.

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Energy programs

- **REAP** – grants & loan guarantees
(Rural Energy for America Program)
(fka – §9006)

REAP grants & loan guarantees

Rural Energy for America Program

(the new & improved “§9006 program”)



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REAP funds available

FY 2009 Funding = \$55+ Million



FY 2008 Funding = \$36 Million

Long term outlook:

- \$60+ Million in 2010
- \$70+ Million in 2011 & 2012



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REAP grants

- Finances up to **25%** of the cost of a rural energy project
- Maximum REAP grant: **\$500,000**
(\$250,000 max for energy efficiency)



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REAP eligible technologies

- **Wind** – turbines, small & large
- **Solar** – PV or hot-water
- **Biomass & Bioenergy** – biofuels (**e.g., biodiesel**) or electricity (**e.g., biomass boilers & wood pellets**) from renewable organic source materials
- **Anaerobic Digester** – animal waste
- **Geothermal** – electric or direct use
- **Energy Efficiency**

New eligible categories!

- **Hydroelectric** – micro-hydro
- **Ocean** – but proven technologies only



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REAP eligible applicants

- **Agricultural Producers**
(50% or more of income from agriculture operation)
- **Small Rural Businesses**
(SBA size standards)

Not eligible:

Nonprofits & public entities

Residential projects



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REAP other requirements

- Project must be located in rural area (non-metro)
- **Commercially-available technology** (not R & D)
- If project cost > \$200,000 → independent feasibility study required

REAP process

- *Once/twice-a-year*, competitive process taking about 4 months from application to outcome
- 2009 application deadline to be announced
(The 2008 deadlines were April 15 & June 16.)
- The application is complex.

REAP grants – “the sweet spot”

- Projects with greatest chance of success:
 - **Small renewable energy projects**
 - **≤ \$200,000 cost** , i.e. < \$50,000 grant request)
 - Small wind
 - Rooftop solar
 - Such projects submit simpler applications
 - No feasibility study is required
 - **Energy efficiency projects**
 - esp. if supported by an energy audit by a PE or CEM

REAP guaranteed loans

Lender-driven: federal guarantee of bank loans for energy projects

- Maximum loan amount: **\$25 million**
- Lender gets a 60-85% guarantee (depending on loan size) on their loan
- Loan can finance **up to 75%** of project



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REAP “combos”

(grants + guaranteed loans)

- Combination **cannot exceed 75% of project cost**
- “Combo” projects may enjoy faster approval process & increased access to grants.
- “Combo” requires a willing lender as co-applicant.



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REAP

California Projects in FY 08

- FY2008
 1. Central Valley Biofuels, LLC: \$200,000 grant; biodiesel plant in Orange Cove, CA;
 2. China Grove: \$48,945 grant; PV solar system for an organic date farm in Thermal, CA;
 3. MJH Enterprises, Inc.: \$49,500 grant; 26 kW PV solar system for a tree farm in Valley Center, CA.



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USDA Rural Development's **Rural Energy Portal**

⚡ <http://www.rurdev.usda.gov/rbs/farmbill/index.html> ⚡

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