



Rural Energy Programs

from

USDA Rural Development



Committed to the future of rural communities.

Alan Stephens, State Director
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REAP grants & loan guarantees

Rural Energy for America Program

(the new & improved “§9006 program”)



REAP funds available

FY 2014 Funding = \$60 Million?



FY 2013 Funding = \$64 Million

Long term outlook:

- Farm Bill passed Senate and House
- Uncertain what Arizona state allocation will be

REAP - Purposes

- Energy Audit/Renewable Energy Development Assistance
- Feasibility
- Equipment & construction of renewable energy and energy efficiency projects

EA/REDA Grant

- Eligible Applicants – Counties, tribes, colleges, rural electric co-ops, public power entities
- Purpose – Conduct EA/REDA for agricultural production and rural business.
- Maximum grant - \$100K
- \$2.4M available for 2014

Feasibility Study Grants

- Eligibility – Ag Producer/Rural Business
- Purpose – Conduct feasibility study for commercially available technologies
- 25% of project costs or \$50,000 maximum
- Can include environmental studies
- Approximately \$500k available for FY 2014

REAP RES/EEI Funding

- Grants
- Guaranteed Loans
- Grant/Guaranteed Loan Combination

REAP grants

- Finances up to **25%** of the cost of a rural energy project
- Maximum REAP grant:
 - Energy Efficiency: \$250,000
 - Renewable Energy Systems: \$500,000
 - Minimum \$1,500 Energy Efficiency
 - Minimum \$2,500 Renewable Energy Systems
- State incentives can be used as match

REAP eligible technologies

- **Wind** – turbines, small & large
- **Solar** – PV or Thermal
- **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
- Flex Fuel Pumps – Ethanol and Biodiesel
- **Energy Efficiency** – commercial or farm buildings, irrigation systems

New eligible category!

- **Hydroelectric** – micro-hydro—proven technologies only

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

REAP other requirements

- Project must be located in rural area (non-metro) Ag producers exempt
- **Commercially-available technology** (not R & D)
- US citizen or permanent resident – removed from regulation

REAP process

- Accepting Application for FY 2014
- Can start project once complete application is submitted
- Application template is available on Oregon-RD's web site (can be used in Arizona)
http://www.rurdev.usda.gov/ORbcp_energy.html
- Consider Hiring Grant Writer (list of grant writers available)

REAP grants – “the sweet spot”

- Projects with greatest chance of success:
 - **Small renewable energy projects**
 - \$20K or less
 - Small wind
 - Rooftop solar
 - Such projects submit simpler applications
 - No feasibility study is required
 - **Energy efficiency projects**
 - Energy savings >35% energy audit by a PE or CEM

REAP guaranteed loans

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

- Maximum loan amount is **\$25 million**
- Arizona has approval for \$7.5 million
- Lender gets a 60-85% guarantee (depending on loan size) on their loan
- Loan can finance **up to 75%** of project

REAP “combos”

(grants + guaranteed loans)

- Combination **cannot exceed 75% of project cost; grant amount not to exceed 25%.**
- “Combo” projects may enjoy faster approval process & increased access to grants.
- If grant is not awarded neither is the guarantee.

REAP CHANGES

- No U.S. ownership requirement – project must be in state. Applicant must have business in state
- Demonstrate financial need has been removed
- Tribal business enterprises are now eligibl.
- E-85 or Blender pumps eligible (ethanol and biodiesel)
- Ag producers can be located in urban areas. SRB cannot.

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