

IRA CLIMATE AND CLEAN ENERGY SOLUTIONS Kentucky Updates

The Biden-Harris Administration is making a historic investment in rural communities, expanding clean energy, and supporting American energy independence, investing in popular conservation programs and climate-smart agriculture, and fostering economic opportunity.

USDA listened to farmers and rural Americans across the country to design its Inflation Reduction Act programs and as a result, USDA has received overwhelming and record-breaking numbers of high-quality project applications. Thanks to Inflation Reduction Act funding, more farmers and more acres are enrolled in voluntary conservation practices than at any single point in history, and even with this unprecedented funding, USDA is seeing more demand than we have funds to support. More farmers, rural businesses, utilities, and electric cooperatives will also be able to reduce their energy costs leaving more dollars in the hands of rural communities.

USDA’s Inflation Reduction Act clean energy and conservation programs with estimates of the level of interest from Kentucky (these are estimates as USDA continues to work through the proposals received and finalize numbers).

Rural Development Clean Energy – Demand for Inflation Reduction Act Programs

| | Total IRA Clean Energy Funding Requested from Kentucky | Number of IRA Clean Energy Projects requested to date from Kentucky |
|----------------|---|--|
| REAP | \$13,211,100 | 96 |
| PACE | \$356,971,595 | 13 |
| New ERA | \$4,228,875,663 | 60 |

*One application may contain multiple projects.

Natural Resources Conservation Service - Demand for Inflation Reduction Act Programs (FY23)

| Program | Total Funded Applications – IRA FY23 | Obligations – IRA FY23 | Unfunded Valid Applications – IRA FY23 |
|-----------------|---|-------------------------------|---|
| ACEP IRA | 0 | \$0 | 3 |
| CSP IRA | 27 | \$2,534,917 | 13 |
| EQIP IRA | 75 | \$3,567,725 | 74 |

| | | | |
|------------------|-----|-------------|----|
| | | | |
| IRA Total | 102 | \$6,102,642 | 90 |

** Table includes Inflation Reduction Act financial assistance numbers only and does not include information on technical assistance funding per state or Farm Bill investments.

RCPP: Through IRA, NRCS is also investing \$22.8 million in one RCPP Project led by a Kentucky-based entity. Kentucky may also cover under several multi-state projects that are led by other states.

USDA’s Rural Development--All of USDA Rural Development’s (RD) clean energy programs for rural Americans are oversubscribed and seeing record numbers of high-quality projects and proposals:

- **Rural Energy for America Program (REAP):** requests for funding are up over 1000 percent and awards are up over 600 percent since IRA funding was announced in December 2022;
- **Powering Affordable Clean Energy Program (USDA PACE):** for \$1 billion available from Congress, USDA received over \$12 billion in requested funding for clean energy projects; and
- **Empowering Rural America Program (New ERA):** for \$9.7 billion available from Congress, USDA received over \$47 billion in requested funding.

Rural Energy for America Program (REAP): REAP helps cover the cost to install energy efficiency improvements and new renewable energy systems –like solar panels and anaerobic digesters – for farmers and rural small business owners. The program received \$2 billion in the IRA, of which roughly \$1.4 billion is available to award from FY22-24. As of November 1, 2023, Rural Development has received nearly \$840 million in requests for REAP grant funding, constituting nearly 60 percent of the available funds. Requests and obligations for REAP are ongoing.

From Kentucky, USDA has received 96 applications for REAP, representing a total funding request of \$13,211,100. In FY23, 53 REAP projects were announced in Kentucky, representing \$4,839,514 total funding awarded.

Powering Affordable Clean Energy Program (PACE): In May, USDA made \$1 billion available under PACE to fund new clean energy projects and energy storage in rural America through partially forgivable loans. The window closed for PACE Letters of Interest on September 29, and USDA received requests for more than \$12 billion through 308 letters of interest.

From Kentucky, USDA has received letters of interest for PACE representing 13 projects and a total funding request of \$356,971,595.

Empowering Rural America Program ([New ERA](#)): The window for initial applications closed on September 15, and USDA received over 150 proposals from nearly every state and Puerto Rico for more than 800 clean energy projects for member-owned rural electric cooperatives to help rural Americans benefit from affordable and reliable energy. The overwhelming response from rural electric cooperatives totaled more than two times the \$9.7 billion available budget authority for the program. If USDA were able to fund all of the proposals, they would together represent close to a \$100 billion investment in rural America. In many cases, a single proposal could leverage over a billion dollars in investments in rural communities in your state. In Kentucky, USDA received letters of interest representing 60 projects, a request of USDA of \$4,228,875,663 that would – if USDA could fund all of the KENTUCKY letters of interest - represent a total investment of \$7,231,792,652 in rural communities in KENTUCKY.

Higher Blends Infrastructure Incentive Program ([HBIIP](#)): HBIIP provides grants to expand the market for higher-blend ethanol fuels by retrofitting gas stations, supply depots, and home heating oil depots to make use of higher-blend fuels. HBIIP received \$500 million in the IRA, 100 percent of which was announced in FY23 to be awarded across five \$90 million cycles and one \$50 million backfilling of a previous HBIIP round oversubscription. Rural Development has awarded \$25.8 million across 59 applications.

USDA's Natural Resources Conservation Service: The Inflation Reduction Act provides nearly \$20 billion over five years for USDA's Natural Resources Conservation Service (NRCS) to address oversubscription in popular conservation programs. For Fiscal Year 2023, NRCS made [\\$850 million available](#) for the Environmental Quality Incentives Program (EQIP), Conservation Stewardship Program (CSP), the Regional Conservation Partnership Program (RCPP), and the Agricultural Conservation Easement Program ([ACEP](#)). NRCS preliminary data indicates the agency will obligate 99.8 percent of all FY23 financial assistance funds to farmers, ranchers and forest landowners across America.

NRCS conservation programs continue to be oversubscribed:

- **Environmental Quality Incentives Program (EQIP):** \$250 million was made available for FY23, and NRCS received nearly 9,000 applications totaling nearly \$475 million.
- **The Agricultural Conservation Easement Program (ACEP):** \$100 million made available for 2023 and NRCS received over \$180 million in applications.
- **Conservation Stewardship Program (CSP):** In FY2023 the agency received nearly 3,700 applications requesting funding that exceeds the available amount of \$250 million.

- **The Regional Conservation Partnership Program (RCPP):** \$250 million was made available for FY23, and the agency received project proposals exceeding \$2 billion in funding.

Climate Smart Practices: NRCS has published and will continue to update its list of [Climate-Smart Agricultural and Forestry Mitigation Activities](#) eligible for Inflation Reduction Act funding through the [Environmental Quality Incentives Program](#) (EQIP) and [Conservation Stewardship Program](#) (CSP). In response to feedback received from conservation partners, producers and NRCS staff across the country, NRCS considered and evaluated activities based on scientific literature demonstrating expected climate change mitigation benefits.

The Environmental Quality Incentives Program (EQIP): Is the flagship conservation program that helps landowners integrate conservation into working lands.

The Agricultural Conservation Easement Program (ACEP): Helps landowners, land trusts, and other entities protect, restore and enhance wetlands or protect working farms and ranches through conservation easements. ACEP has two components:

- [Agricultural Land Easements](#) (ALE) help private and tribal landowners, land trusts, and other entities such as state and local governments protect croplands and grasslands on working farms and ranches by limiting non-agricultural uses of the land through conservation easements.
- [Wetland Reserve Easements](#) (WRE) help private and tribal landowners protect, restore and enhance wetlands which have been previously degraded due to agricultural uses.

The Conservation Stewardship Program (CSP): CSP helps landowners build on their existing conservation efforts while strengthening their operations. Whether to improve grazing conditions, increase crop resiliency, or develop wildlife habitat. NRCS can custom design a CSP plan tailored to individual operations to meet the landowner's goals through planning and technical and financial assistance.

The Regional Conservation Partnership Program (RCPP): RCPP promotes coordination of NRCS conservation activities with partners that offer value-added contributions to expand communities' collective ability to address on-farm, watershed, and regional natural resource concerns.

