

USDA Energy Programs

A faint, light blue background illustration of a rural landscape, showing a house, a water tower, and rolling hills.

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USDA/Rural Development

Section 9007

Rural Energy for America

- **Program designed to assist farmers, ranchers and rural small businesses with energy projects.**
- **Provides guaranteed loans and/or grants for renewable energy and/or energy efficiency projects.**

Section 9007

Rural Energy for America

Changes Made

- Establishes a program for performing energy audits—grants.
- Eligible use of funds can be a stand alone feasibility study.
- Guarantee increased to \$25M
- Combo (loan/grant) increased to 75% of eligible project costs.
- Added ocean (including tidal, wave, current, and thermal) and hydro-electric.
- Funding increased from \$23M (08) to \$60M (09)

Who is Eligible?

- Rural small businesses and agricultural producers
 - Rural – All of Hawaii (except Honolulu CDP) and all of the Western Pacific.
 - Agricultural Producer -- An individual or entity *directly* engaged in the production of agricultural products (including farming or ranching) that gets 50% + of their gross income from the operations

Who is Eligible?

Small Business – Must meet Small Business Administration (SBA) small business size standards (by number of employees or by annual receipts):

- www.sba.gov/size/indextableofsize.html
- http://www.sba.gov/idc/groups/public/documents/sba_homepage/serv_sstd_tablepdf.pdf
- **Non-profits are excluded (may be able to use other USDA RD programs).**

Types of Applications

- **Grant only—less than \$200,000 in total project costs (not grant amount)—“Simplified”**
- **Grant only—greater than \$200,000 in total project costs—“Full”**
- **Guaranteed Loan—less than \$600,000**
- **Guaranteed Loan—greater than \$600,000**
- **Combination Guaranteed Loan/Grant**

What Projects are Eligible?

- **Any renewable energy or energy efficiency project as defined in the law.**
 - **Biomass, Anaerobic Digester, Geothermal (electric generation and direct use), Hydrogen, Wind, Solar (photovoltaic and thermal) and *[small hydro and ocean energy—added 2008]***
 - **Energy Efficiency Improvements-- improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot.**

What Projects are Eligible?

- **Must be the owner of the project and control the revenues and expenses of the project, including O&M (can contract this out to a third-party).**
- **Site(s) must be controlled for the financing term of any associated Federal loans or loan guarantees.**
- **Must have revenue to provide for the operation, management, maintenance, and debt service of the project.**
- **Residential use is not allowed.**

What Costs are Eligible?

- **Completing an energy audit or assessment;**
- **Only those costs identified in the energy audit/assessment for energy efficiency improvements are allowed.**
- ***Post-application* purchase and installation of equipment, *except* agricultural tillage equipment and vehicles (includes delivery vehicles, boats, tractors, etc);**
- ***Post-application* construction or project improvements, *except residential*;**

What Costs are Eligible?

- **Permit and license fees;**
- **Feasibility studies and Technical reports;**
- **Business plans;**
- **Retrofitting;**
- **Construction of a new energy efficient facility—under certain conditions;**
- **[Guaranteed loans only]**
 - **Working capital.**
 - **Land acquisition.**

What Projects are Eligible?

- **Grants request can be up to 25% of project costs**
 - **Renewable Energy:**
 - **Minimum grant request: \$2,500**
 - **Maximum grant request: \$500,000**
 - **Energy Efficiency**
 - **Minimum grant request: \$1,500**
 - **Maximum grant request: \$250,000**

What Projects are Eligible?

- **Guaranteed loan request can be up to 75% of project costs**
 - **Minimum loan request: \$5,000**
 - **Maximum loan request: \$25,000,000**
 - **% of guarantee negotiated between the lender and USDA.**
 - **Maximum percentage of guarantee:**
 - **85% for loans of \$600,000 or less;**
 - **80% for loans of \$600,001 to \$5 million; and**
 - **70% for loans greater than \$5 million to \$10 million.**
 - **>\$10M?**

Projects Funded

2008

Kealakekua Farm Management LLC

5 kW pv--\$9,000 grant; \$42,000 total

Island Dairy, Inc.

131.4 kW pv--\$250,000 grant; \$1,000,000 total

Friendly Market Center

126.5 kW pv--\$173,500 grant; \$100,000 guaranteed loan; \$694,000 total

2007

Kim Markham, Bookkeeper

8 kW pv--\$16,747 grant; \$66,987 total

2006

Moloka'i Drug Store

20 kW pv-\$45,500 grant; \$182,000 total

Malte Simmer

7.2 kW pv- \$15,195 grant, \$60,780 total

Hotel Honokaa

18.1 kW pv- \$37,500 grant, \$150,000 total

Application Processing--Grants

- **Hawaii State Office reviews for completeness and eligibility.**
- **If complete and eligible, technical report reviewed-- National Renewable Energy Lab. (NREL) in Golden, CO or in-house for solar/wind/EE projects.**
- **Technical Review/Score and application score.**
- **If Technical Report “passes”--project submitted to National Office for funding consideration.**
- **Applications funded based on score—from top down until no \$ or no more applications.**

Resources

- **Templates for completing Technical Reports (under \$200K in total project costs).**
- **Templates for a submitting simplified grant, full grant, guaranteed loan, and combination guaranteed loan/grant projects**
- **Telephone/e-mail assistance on completing forms, etc.**

Resources

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

USDA/Rural Development

<http://hawaii.gov/dbedt/info/energy>

DBEDT—Strategic Industries Division

<http://www.eere.energy.gov/>

DOE/Office of Energy Efficiency and Renewable Energy

<http://www.findsolar.com/>

Solar Calculator

Committed to the future of rural communities.

Energy Audit and Renewable Energy Development Assistance

Grant to an entity that will do energy audits.

- **Funding – up to 4% of the money available to the Rural Energy for America Program.**
- **Maximum Grant - \$100,000 to any one recipient.**
- **Energy Audits require the ag producer or rural small business to pay at least 25% of the cost of the audit.**

Energy Audit and Renewable Energy Development Assistance

- **Renewable Energy Development Assistance**
 - **includes site evaluation and report development for rural small businesses and agricultural producers to become more energy efficient and to use renewable energy technologies and resources.**

Energy Audit and Renewable Energy Development Assistance

Eligible applicants

- **Governmental (State, Tribal and Local)**
- **Institutions of Higher Education (land-grant colleges, 1994 land grant colleges, 1890 land grant colleges, tribal colleges, universities, and historically black universities) etc.**
- **electrical cooperative & public power entities**

Energy Audit and Renewable Energy Development Assistance

Eligible Project Costs

- Salaries related to the project (direct and indirect)
- Travel expense related to the project
- Office Supplies
- Administrative Expenses (up to 5% of grant)
 - Utilities
 - Office space
 - Office equipment

High Energy Cost Grant

- **Funds can be used to acquire, construct, or improve energy generation, transmission, and distribution facilities, including on-grid and off-grid renewable energy systems, implementation of energy efficiency, weatherization, and demand-side management programs, and line extensions to unserved areas and households.**
- **Very flexible program allows communities to propose and obtaining funding for projects meeting their unique needs.**
- **Awards are made competitively from applications submitted in response to NOFAs.**

High Energy Cost Grant

- **Allocated by the Administrator out of annual appropriations.**
- **Congress has provided for carryover of unused prior year funds with annual program levels have ranged from \$29.3 million to \$56 million.**
- **Since 2001, almost \$173.3 million in grants have been awarded to projects in 11 states.**

Eligible Applicants

- **Non-profit and for-profit corporations, associations, partnerships and cooperatives;**
- **Sole proprietorships;**
- **State or local government entities;**
- **Individuals or group of individuals applying on behalf of their communities;**
- **Any of the above entities located in a U.S. Territory or other area authorized by law to participate in programs of the Rural Utilities Service, USDA Rural Development, or USDA.**

Eligible Communities

- **Must have average home energy costs exceeding 275% of the U.S. national average.**
- **May be as small as a Census Block and may include only eligible households across a broader area.**
- **Eligibility benchmarks are outlined in the NOFA.**

Examples

- **High-efficiency diesel generators and waste heat recovery systems in remote villages in Alaska.**
- **Transmission line replacements in Maine, Nevada, Idaho;**
- **Off-grid residential solar photovoltaic – hybrid power systems in Arizona, and New Mexico.**
- **Distribution system extensions, Alaska, Nevada, California, Arizona.**
- **Solar hot water systems in Hawaii.**
- **Small and micro-hydroelectric generation facilities in Alaska and Hawaii.**
- **Low income energy efficiency and weatherization program in Alabama.**

Grant Tips

- **Read the directions in the funding notice.**
- **Follow the directions.**
- **Take the approach that you are asking strangers to invest in your project—why should they?**
- **Keep it simple—most grantors do not know your industry/situation/project.**
- **Grant writer –v- doing it yourself?**
- **More is not necessarily better.**