



Farm Bill Section 9007 - 7CFR 4280-Subpart B

RURAL ENERGY FOR AMERICA PROGRAM

FACT SHEET

Section 9007 – The Rural Energy for America (REAP) Program, through USDA Rural Development, offers:

Part One: (RES/EEI): **Grants, Guaranteed Loans, and Combination grant/guaranteed loans** to help **Agricultural Producers and Rural Small Businesses** purchase renewable energy systems and make energy efficiency improvements. Rural Small Business Projects must be located in Rural Areas. Agricultural Producer projects have no rural limitations.

Part Two: (EA/REDA): Provides grants for energy audits and renewable energy development assistance.

Helpful Information can be found at http://www.rurdev.usda.gov/BCP_Reap.html

Part One – Renewable Energy or Energy Efficiency Projects (RES/EEI)

Who is Eligible?

- ✓ An **agriculture producer** (individual or entity) directly engaged in the production of agriculture products and obtains at least 50% or greater of their gross income from their agriculture business.
- ✓ A **rural small business** – an entity is considered a small business in accordance with SBA'S (Small Business Administration) small business size standards (by NAICS codes). SBA small size standards can be found at <http://www.sba.gov/content/table-small-business-size-standards>
 - A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501 (c) (12) of the Internal Revenue Code.
 - An electric utility, including a Tribal or government electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA's definition of small business. These entities must operate independent of direct government control.
 - Tribal Enterprises are eligible. Entity must be operated in a manner consistent with Department of Interior's Section 17 Corporations.
- ✓ With the exception of the entities described above, all other non-profit organizations and public entities are **excluded**.

We encourage you to start planning your project now. Do not wait until the due date to submit your application.

FY 2024 Application Due Dates: Six quarterly competitions starting June 30, 2023 –

One copy of your renewable energy or energy efficiency application is to be submitted to USDA Rural Development.

Part One Continued:

To qualify for consideration of funding, an application must meet the application requirements, technical requirements, and environmental requirements. Please contact Rural Development for the specific application requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application for each type of project may be submitted per year.

Eligible Project Types for Renewable Energy Systems or Energy Efficiency Projects:

	Renewable Energy Projects	Energy Efficiency Improvement Projects
Categories of projects <i>(Agricultural Producer Projects can be in Rural or Non-Rural areas).</i> <i>(Small Business Projects must be located in a rural area – less than 50,000 population). Please see our property eligibility locator at:</i> http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do	Renewable Biomass, Anaerobic Digester Geothermal – electric generation Geothermal – direct use Hydrogen Small and Large Wind Small and Large Solar Hydro – Electric 30 megawatts or less Ocean (including tidal, wave, current, and Thermal)	Energy Efficiency Improvements verified by an energy audit or energy assessment.

Program Information (Eligible Project Costs)

	Grant	Guaranteed Loan	Combination Grant & Guaranteed Loan
Who is the applicant?	Agriculture producer or rural small business.	A lender is the applicant seeking a guarantee on a loan to an agriculture producer or a rural small business.	2 applications needed. The grant application is from the agriculture producer or the rural small business. The lender submits an application for the guaranteed loan.
What are eligible costs? <i>(All eligible projects for Small Businesses must be located in a rural area, while Agricultural Producer projects can be located in Rural or Non-Rural areas. All projects must utilize a replicable commercially available and feasible technology.</i> <i>The applicant must be the owner of the project and own or control the project site for the useful life of the project.</i> <i>Applicants must demonstrate the project has sufficient revenues to provide for operation and maintenance, plus any required debt service.</i>	Eligible Project Costs Can Only Be Incurred After Complete Application is Submitted to Rural Development. 1. Post application purchase and installation of equipment (new or refurbished), except agricultural tillage equipment, used equipment, & vehicles. 2. Post application construction or project improvements, <u>except</u> residential 3. Retrofitting (post-application) 4. Second Meter - RE Projects 5. Permit and license fees 6. Professional service fees, except for application preparation.	The same eligible costs as listed for a grant, with the addition of: 7. Working capital 8. Land Acquisition	Only the guaranteed portion can be used for working capital or land acquisition.

Part Two – Energy Audit and Renewable Energy Assistance Grants (EA/REDA)

Purpose: Grants to eligible applicants who will assist agricultural producers and rural small businesses by conducting energy audits and providing recommendations and information on renewable energy development assistance and improving energy efficiency.

Applicant Eligibility:

- A unit of State, tribal or local government.
- A Resource Conservation and Development Council, (RC&D)
- A land-grant college, a university, or another institution of higher education
- An Instrumentality of a state, tribal or local government
- A rural electric cooperative; or
- A public power entity

Use of Grant Funds:

- Conducting and promoting energy audits
- Conducting and promoting renewable energy development assistance
- Assistance to Small Businesses can be provided only to facilities located in rural areas (less than 50,000 population)
- Assistance to Agricultural Producers can be for facilities in rural or non-rural areas
- The agricultural producer or rural small business must pay for at least 25% of the cost of the energy audit
- The grant funds must be utilized within 24 months from the date of the grant agreement

Maximum Grant Amounts: Maximum grant is \$100,000

Application Process:

- **FY 2024 Due Date: January 31, 2024** Applications can be submitted anytime.
- Applications may be submitted electronically via www.grants.gov or to an USDA Rural Development office
- Applicants are advised to submit their applications as far ahead of the due date as possible to assure the application can be determined complete prior to the deadline.

Selection Factors:

- The in-house ability of the applicant to conduct audits versus using third party auditing organizations as illustrated in the application
- Whether administrative expenses will be claimed for the project
- Experience of the applicant in providing the proposed services
- Geographic scope of the project in relation to identified need
- Audit cost
- Existing program which reflects energy savings
- Awards the applicant has received for its renewable energy, energy savings, or energy based educational programming
- Completeness of the marketing and outreach plan
- Level and commitment of funds from other non-state and non-federal governmental matching funds.

How Much Assistance can be Provided? Parts One and Two

Part One: Renewable Energy and Energy Efficiency Projects		
	Renewable Energy Projects	Energy Efficiency Improvement Projects
Description	A system that produces or produces or delivers usable energy from a renewable energy source.	Improvements to a facility, building, or process that reduces energy consumption.
Minimum grant (no more than 50% of total eligible project costs)	\$2,500 Total minimum project size \$5,000	\$1,500 Total minimum project size \$3,000
Maximum grant (no more than 50% of total eligible project costs)	\$1,000,000	\$500,000

BIOMASS AND BIOGAS PROJECTS ARE ONLY ELIGIBLE FOR UP TO 25% FEDERAL GRANT SHARE

Maximum grant per applicant per fiscal year: \$1,500,000		
Minimum guaranteed loan (no more than 75% of total eligible project costs)	\$5,000	\$5,000
Maximum guaranteed loan (no more than 75% of total eligible project costs)	\$25,000,000	\$25,000,000
Minimum grant portion of the combined funding request	\$2,500	\$1,500
Maximum grant portion of the combined funding request	\$1,000,000	\$500,000
Maximum combination grant/guaranteed loan (no more than 75% of total eligible project costs) \$25,000,000		
	Renewable Energy Projects	Energy Efficiency Improvement Projects
Services of a Professional Engineer required?	Projects with total eligible costs > \$400,000	Projects with total eligible costs > \$200,000
Energy Audit or Energy Assessment required?	NO	Required for all energy efficiency projects. Projects with total eligible costs > \$80,000 require an energy audit. An Energy Assessment is Acceptable for Projects with total eligible costs < \$80,000
Business Level Feasibility study required?	Projects with total eligible costs > \$200,000	NO
Technical Report Required	Yes	Yes
Part Two: Energy Audit & Renewable Energy Assistance Grants		
Maximum Grant \$100,000		

When are Applications Due in FY 2024

Program	State and/or National Allocation	Application Submission Frequency	Date Applications are due to MI Offices
RES/EEI grants Grants < \$20,000 Set aside Grants > \$20,000 Unrestricted	Est. \$50 million - Nationally Farm Bill \$1,055,000,000 - Nationally Inflation Reduction Act	On-going	Six Quarterly Competitions: June 30, 2023, through September 30, 2024
RES/EEI guaranteed loans	To Be Determined <i>Any unused funds at end of FY revert back to national pool</i>	On-going	Continuous Application Cycle
RES/EEI combination Grants/guaranteed loan	Grant portion from grant allocation. Guaranteed loan portion from guaranteed loan allocation	On-going	Six Quarterly Competitions: June 30, 2023, through September 30, 2024
Energy Audit – Renewable Energy Assistance Grants	\$1.8 million - Nationally	Annually	Future Applications will be due January 31 of said year.

We Encourage You to Start Planning Your Project Now.**Where to Send Applications?**

Your application is to be submitted to USDA Rural Development. Please see Michigan Business Cooperative Staff contact information on the next page.

Selection is based on a statewide competition for funds. To qualify for consideration for funding, an application must meet the application requirements, technical requirements, and environmental requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application per each type of project may be submitted per year.

(revision 04/19/2023)

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