

# USDA Rural Development

## Farm Bill Section 9006: Renewable Energy and Energy Efficiency Program



# Eligible Applicants

## Agricultural Producers

Individuals or entities directly engaged in the production of agricultural products and that obtain at least 50% or greater of their gross income from their agriculture businesses.

# Eligible Applicants

## Rural Small Businesses

An entity is considered a rural small business in accordance with the Small Business Administration standards by NAICS codes and is 'rural' if located outside of the municipality of Anchorage.

SBA small business size standards can be found at <http://www.sba.gov/size/index.html>

# Eligible Applicants

## Rural Small Businesses (continued)

Electric utilities including Tribal or governmental electric utilities, that provide services to rural consumers on a cost-of-service basis without support from public funds or governmental subsidies provided such utilities meet SBA's definition of small business

# Two Types of Eligible Projects

## Renewable Energy Projects

- Biomass
- Anaerobic Digester
- Geothermal – electric generation
- Geothermal – direct use
- Hydrogen
- Wind
- Solar

## Energy Efficiency Improvements Projects

- Improvements to a business facility, building or process that reduces energy consumption
- Improvements verified by an energy audit or assessment.

# Two Types of Financing

## **Grants (FY2006)**

Minimum Grant: \$2,500

Maximum Grant: \$500,000

## **Loan Guarantees (FY2006)**

Minimum Guarantee: \$5,000

Maximum: \$10,000,000

Grant cannot exceed 25% of  
total eligible costs

Loan Guarantee cannot  
exceed 50% of total  
eligible costs

Combined grant and loan guarantee cannot exceed 50%

# What are eligible costs?

## Grant Program

1. Feasibility studies, technical reports
2. Business Plans
3. Retrofitting
4. Post application purchase and installation of equipment except agricultural tillage equipment, used equipment, and vehicles
5. Post application construction or project improvements, except residential

# What are eligible costs?

## **Grant Program** (continued)

6. Energy audits or assessments
7. Permit and license fees
8. Professional service fees, except for application preparation
9. Construction of a new energy efficient facility only when the facility is used for the same purpose; is approximately the same size; and based on the energy audit, will provide more energy savings than improving an existing facility.

# What are eligible costs?

## Loan Guarantee Program

The lender is the applicant seeking a guarantee on a loan to an agricultural producer or a rural small business.

The same eligible costs as listed for a grant with the addition of:

10. Working capital
11. Land Acquisition

# How to apply?

## **Simplified grant application:**

- For projects of \$200,000 or less
- Criteria and procedures are at 7 CFR 4280.109
- Applicant provides a certification of financial need
- Technical Report Guidelines can be found in Appendix A to 4280-B

# How to apply?

## **Full grant application:**

- For projects over \$200,000
- Criteria and procedures are at 7 CFR 4280.111
- Applicant has demonstrated financial need
- Technical Report Guidelines can be found in Appendix B to 4280-B

# How to apply?

## **Loan Guarantee Reduced Application:**

- For projects of \$600,000 or less
- Criteria and procedures are at 7 CFR 4280.128
- Equity by borrower not less than 15% of eligible project costs

## **Loan Guarantee Full Application:**

- For projects over \$600,000
- Criteria and procedures are at 7 CFR 4280.128
- Equity by borrower not less than 25% of eligible project costs

# How to apply?

## **Combination Grant and Loan Guarantee Applications**

Two applications are needed:

1. The grant application is from the agricultural producer or the rural small business.
2. The loan guarantee application is submitted by the lender.

# When to apply?

## **Grant Only Applications**

The deadline for grant applications is May 18<sup>th</sup>. There is typically one round of applications due in the spring.

## **Loan Guarantee Applications**

Decisions on funding are made throughout the year on a monthly basis. Deadline is July 2<sup>nd</sup>.

## **Combination Grant & Loan Guarantee Applications**

Decisions on funding are made on a monthly basis throughout the year. Deadline is also July 2<sup>nd</sup>.

# Where to find detailed resources?

Sources for detailed information and resources on the  
Renewable Energy – Energy Efficiency Program:

USDA Rural Development National Office:

[www.rurdev.usda.gov/rbs/farbill/index.html](http://www.rurdev.usda.gov/rbs/farbill/index.html)

USDA Rural Development Iowa State Office:

[www.rurdev.usda.gov/ia/rbcs\\_RE-EE\\_Section\\_9006.html](http://www.rurdev.usda.gov/ia/rbcs_RE-EE_Section_9006.html)



# How much money is available?

Funding for Fiscal Year 2007 is over \$180 million and repeats the funding levels from Fiscal Year 2006:

- \$11.385 million in grants
- \$176.5 million in loan guarantees

-With the additional potential of unused loan guarantee funds pooling into grant money late in the fiscal year

# Another Option for Ag Producers

## Value Added Producer Grant

<http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

- Up to 50% of total cost for ag producers for renewable energy feasibility studies and projects
- Not accessible to other rural small businesses
- Application deadline and funding level not yet published

# Who to contact?

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# Additional Information

- National Renewable Energy Lab:  
<http://www.nrel.gov/programs>
- Database of State (and Federal) Incentives for Renewables & Efficiency  
<http://www.dsireusa.org/>
- Alaska Energy Authority:  
<http://www.akenergyauthority.org>
- Alaska Energy Portal: <http://www.akenergy.net/>