



USDA Rural Energy for America Program (REAP) Renewable Energy and Energy Efficiency supports small rural businesses and agriculture producers purchase, install, or construct renewable energy systems and energy efficiency improvements.



Federal Funding Supporting Renewable Energy and Energy Efficiency

By Bill Hagy

Need cash for the farm? There are federal programs that support renewable energy and energy efficiency development for businesses, non-profit organizations, public bodies (town, city, municipality), agriculture producers, Native American Tribes, cooperatives, community-based

organizations, and institutions of higher learning.

The programs support research and development in energy derived from solar, wind, renewable biomass, ocean (including tidal, wave, current, and thermal), geothermal, hydroelectric

sources, and hydrogen derived from renewable biomass.

Each federal program is unique in the type of eligible recipients, project locations, and purpose. Some of the programs are limited to small businesses and businesses located in

a rural area of the United States and U.S. Territories. Funding assistance can be in the form of a grant, direct loan, loan guarantee or a combination. Some programs receive applications year-round while other programs publish funding opportunity application windows on an annual basis.

Each program has unique requirements as to the maximum amount of the total project costs that can be provided by the program; applicant contribution; matching funds; any restrictions; and location where applications can be received. For some USDA programs, USDA State or Local offices are the entry point for application while other programs are administered out of the USDA National Rural Development Office. Information provided in the individual program fact sheet will provide contact information for filing applications.

The following is a brief description of the federal programs and a link to Fact Sheets that provide more detailed information on each program:

USDA Business and Industry (B&I) Loan Guarantee Program supports businesses located in a rural area to install commercially proven renewable energy facilities and make energy efficiency improvements for the business. A rural area for this program is any unincorporated area and cities or towns with a population of 50,000 or less. An eligible business includes for-profit business, nonprofits, cooperatives, Native American tribes, public bodies, and individuals. The maximum loan guarantee is \$25 million. Applications are received and processed throughout the year.¹

USDA Rural Energy for America Program (REAP) Renewable Energy and Energy Efficiency supports small rural businesses and agriculture

producers purchase, install, or construct renewable energy systems and energy efficiency improvements. A rural area for this program includes any area other than a city or town with a population of greater than 50,000 inhabitants and the urbanized area of that city or town. The definition of "small" is based on the Small Business Administration definition of small business for the type of business.

An eligible agricultural producer includes an individual or entity directly engaged in the production of agricultural products, including crops (including farming); livestock (including ranching); forestry products; hydroponics; nursery stock; or aquaculture, whereby 50 percent or greater of their gross income is derived from those products.

The maximum loan guarantee is \$25 million and maximum grants are \$500,000 for renewable energy and \$250,000 for energy efficiency awards per eligible applicant. Loan guarantee applications are received year-round while grants and combination grant and loan guarantee applications will only be accepted during a funding announcement window published annually in the federal register.²

USDA Rural Energy for America Program (REAP) Energy Audit and Renewable Energy Development Assistance Grants provide energy audits and renewable energy development assistance to rural small businesses and eligible agriculture producers via an eligible applicant. The same definitions of small, rural, and agricultural producer that apply to the REAP Renewable Energy and Energy Efficiency also apply for this program. Eligible applicants for this program include: A unit of state, tribal, or local government; a land-grant college or university, or other institution of higher education; a rural electric cooperative; a public power entity; an instrumentality

of a state, tribal, or local government; or a council. The maximum grant is \$100,000 to an eligible applicant.³

USDA Rural Business Development Grants (RBDG) can be used to support feasibility/marketing plans, business plans, professional/technical reports, and community economic development for small and emerging small rural businesses via an eligible applicant. A small and emerging business includes any private and/or nonprofit business which will employ 50 or fewer new employees and has less than \$1 million in gross revenue. A rural area for this program includes any area other than a city or town with a population of greater than 50,000 inhabitants and the urbanized area of that city or town. An eligible applicant includes public bodies and private or nonprofit corporations serving rural areas. Public bodies include states, counties, cities, townships, and incorporated town and villages, boroughs, authorities, districts, and Indian tribes on Federal and State reservations and other federally recognized Indian tribal groups. RBDG grants range from \$10,000 to \$500,000 per project. Funding is made available via funding window announcement published in the federal register each year.⁴

USDA Rural Economic Development Loan and Grant (REDLG) Program contains the Rural Economic Development Loan (REDL) and Grant (REDG) programs that provide funding to rural projects through local utility organizations. Under the REDL program, USDA provides zero interest loans to local utilities, which they, in turn, pass through to local businesses (ultimate recipients), for projects that will create and retain employment in rural areas. Under the REDG program, USDA provides grant funds to local utility organizations to use the funding to establish revolving loan funds (RLF).



© Jason Blackeye

Federal programs will support research and development in energy derived from solar, wind, renewable biomass, ocean (including tidal, wave, current, and thermal), geothermal, hydroelectric sources, and hydrogen derived from renewable biomass.

Loans are made from the revolving loan funds to projects that will create or retain rural jobs.

A rural area for this program is any unincorporated area and cities or towns with a population of 50,000 or less. Eligible applicants include any former Rural Utilities Service borrower; nonprofit utilities that are eligible to receive assistance from the Rural Development Electric or Telecommunication programs; or current Rural Development Electric or Telecommunication borrowers. Maximum loan is \$1 million and maximum grant is \$300,00 per applicant. Funding is made available via funding window announcement published in the federal register each year.⁵

DOE Renewable Energy & Efficient Energy Projects Loan Guarantee

Program provides funding to projects located in the United States that employ innovative and renewable or efficient energy technologies that avoid, reduce, or sequester anthropogenic emission of greenhouse gases. Funding availability is announced through a funding solicitation announcement. There is no limit on the size of loan guarantee per project.⁶ ■

About the Author

Bill Hagy is an ASES member, rural community sustainability and economic development consultant, and bioenergy expert. He served 37 years to the USDA where he was the Director for Alternative

Energy Policy. He has received the National Rural Economic Developers Association President's Award, Vice President Gore's National Performance Review Hammer Award for efforts in streamlining the B&I Guaranteed Loan Program regulation, and was named one of the "Top 100 People in Bioenergy" by Biofuels Digest.

Resources

1. bit.ly/34lKW2X
2. bit.ly/2QBQXpE
3. bit.ly/3gEAEmp
4. bit.ly/3b6LRLv
5. bit.ly/2YK3FHD
6. bit.ly/3hFyPY3