



Rural Energy Programs

from

USDA Rural Development



Committed to the future of rural communities.

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Energy programs

- **REAP** – grants & loan guarantees
(Rural Energy for America Program)
(fka – §9006)
- **Value-Added Producer Grant**
(VAPG)

REAP grants & loan guarantees

Rural Energy for America Program

(the new & improved “§9006 program”)



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<http://reap.ruraloregon.biz>

REAP funds available

FY 2009 Funding = \$55+ Million



FY 2008 Funding = \$36 Million

Long term outlook:

- \$60+ Million in 2010
- \$70+ Million in 2011 & 2012

REAP grants

- Finances up to **25%** of the cost of a rural energy project
- Maximum REAP grant: **\$500,000**
(\$250,000 max for energy efficiency)

REAP eligible technologies

- **Wind** – turbines, small & large
- **Solar** – PV or hot-water
- **Biomass & Bioenergy** – biofuels (e.g., biodiesel) or electricity (e.g., biomass boilers & wood pellets) from renewable organic source materials
- **Anaerobic Digester** – animal waste
- **Geothermal** – electric or direct use
- **Energy Efficiency**

New eligible categories!

- **Hydroelectric** – micro-hydro
- **Ocean** – but proven technologies only

REAP eligible applicants

- **Agricultural Producers**
(50% or more of income from agriculture operation)
- **Small Rural Businesses**
(SBA size standards)

Not eligible:

Nonprofits & public entities

Residential projects



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REAP other requirements

- Project must be located in rural area (non-metro)
- **Commercially-available technology** (not R & D)
- If project cost >\$200,000 → independent feasibility study required

REAP process

- *Once/twice-a-year*, competitive process taking about 4 months from application to outcome
- 2009 application deadline to be announced (The 2008 deadlines were April 15 & June 16.)
- The application is complex. A template is available on Oregon-RD's web site.

REAP grants – “the sweet spot”

- Projects with greatest chance of success:
 - **Small renewable energy projects**
(**≤ \$200,000 cost** , i.e. < \$50,000 grant request)
 - Small wind
 - Rooftop solar
 - Such projects submit simpler applications
 - No feasibility study is required
 - **Energy efficiency projects**
 - esp. if supported by an energy audit by a PE or CEM

REAP guaranteed loans

Lender-driven: federal guarantee of bank loans for energy projects

- Maximum loan amount: **\$25 million**
- Lender gets a 60-85% guarantee (depending on loan size) on their loan
- Loan can finance **up to 75%** of project

REAP “combos”

(grants + guaranteed loans)

- Combination **cannot exceed 75% of project cost**
- “Combo” projects may enjoy faster approval process & increased access to grants.
- “Combo” requires a willing lender as co-applicant.

REAP

Oregon wind examples

- FY2008

Bjorn Farms: \$20,500 grant, vineyard, small 10 kW wind, Marion Co.

- FY2007

Cornford Ranch: \$13,750 grant + guarantee, farm, small 20 kW wind, Union Co.

VC Bar Ranch: \$13,750 grant + guarantee, farm, small 10 kW wind, Baker Co.

Big Top, Desert Power, & Wagon Trail LLC: \$500,000 grants each, large wind, Umatilla Co.



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Value-Added Producer Grant (VAPG) Program



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<http://vapg.ruraloregon.biz>

VAPG funds available

FY2009 Funding = \$15+ Million



FY2008 Funding = \$18 Million

increased funding possible



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<http://vapg.ruraloregon.biz>

VAPG eligible uses

Matching grants:

- Up to **\$100,000** for Planning
- Up to **\$300,000** for Working Capital

Not for equipment or real estate improvements

VAPG eligible activities

- Types of value-added activities that VAPG can fund:
 - * Commodity Processing (inc. biofuels)
 - * Differentiated marketing (branding)
 - * **Renewable Energy (on-farm)**

VAPG eligible energy activities

- Types of Renewable Energy projects (on-farm only):

- **Wind**
- Solar
- Geothermal
- Biomass
- Biofuels
- Anaerobic digesters



VAPG eligible applicants

- Matching grants for **producers** (farmers, ranchers, timber lot owners, or fishermen), **ag producer groups**, & **coops**
- Applicants must produce & own the commodity to which value is being added.
(For renewable energy projects, this means the renewable resource must be on-farm.)

VAPG process

- National funding competition.
- *Once-a-year*, competitive process taking about 5 months from application to outcome.
- 2009 application deadline to be announced.
(The 2008 deadline was March 31.)
- The application is complex. A template is available on Oregon-RD's web site.

VAPG

Oregon wind examples

- FY2007

4 VAPG grants for wind feasibility studies - \$41,000-80,000

- FY2006

3 VAPG grants for wind feasibility studies - \$37,000-43,000

- FY2005

4 VAPG grants for wind feasibility studies - \$35,000-50,000



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<http://vapg.ruraloregon.biz>

Oregon USDA Rural Development's **Rural Energy Portal**

⚡ <http://energy.RuralOregon.biz> ⚡

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