USDA Rural Development
“Committed to the future of rural communities.”

Jasper Schneider, North Dakota State Director
USDA Rural Development

Rural Energy for America Program (REAP) Webinar
December 15, 2010
USDA-RD

Our Mission

To increase economic opportunity and improve the quality of life for all rural Americans
Rural Development Investments

Over $908 Million Invested in North Dakota in FY 2010

Through the delivery of over 40 Rural Development Programs:

• Business
• Housing & Community Facilities
• Utilities
Types of Assistance

- Loan Guarantees
- Loans
- Grants
- Technical Assistance
“Funding Opportunities for North Dakota Agriculture Producers and Small Rural Businesses”

USDA Rural Development
Section 9007: Rural Energy for America Program
Section 9007: REAP Program Overview

- Purchase renewable energy systems—“Produce”
- Make energy efficiency improvements—“Reduce”
What Agricultural Producers Are Eligible?

- Must directly engage in production of agricultural products.
- At least 50% of gross income must be from their agriculture business (*IRS income tax forms used to verify*)
- Citizenship
- No federal court judgments, delinquent taxes, delinquent federal debt, never been debarred.
- Certification of demonstrated financial need.
- Satisfactory progress on previously funded project (s).
What Small Businesses are Eligible?

- Meets the definition of a small business according to SBA - Go to the index table at: [http://sba.gov/size/index.html](http://sba.gov/size/index.html)
- A private entity including a sole proprietorship, partnership, corporation, cooperative, & electric utility
- Citizenship
- No federal court judgments, delinquent taxes, federal debt, never been debarred.
- Certification of demonstrated financial need.
- Satisfactory progress on previously funded project(s).
What projects are eligible?

• The project must be for the **purchase** of a renewable energy system or energy efficiency improvement.
• Pre-commercial or commercially available and known technology.
• Technically feasible
• Located in a **rural** area
• Applicant must be **owner** of the system
• Adequate revenues for O&M
REAP Program Overview

• Section 9007 – Cost Sharing
  – The amount of the **grant** shall not exceed **25%** of the cost of the activity funded.
  – The amount of the **guaranteed loan** shall not exceed **75%** of the activity funded.
  – The **combined guaranteed loan and grant** made shall not exceed **75%** of the cost of the activity funded.
<table>
<thead>
<tr>
<th>Amount of financial assistance</th>
<th>Renewable Energy</th>
<th>Energy Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum grant</strong> <em>(up to 25% of total eligible project costs)</em></td>
<td>$ 2,500</td>
<td>$ 1,500</td>
</tr>
<tr>
<td><strong>Maximum grant</strong> <em>(up to 25% of total eligible project costs)</em></td>
<td>$ 500,000</td>
<td>$ 250,000</td>
</tr>
<tr>
<td><strong>Minimum guaranteed loan</strong> <em>(up to 75% of total eligible project costs)</em></td>
<td>$ 5,000</td>
<td>$ 5,000</td>
</tr>
<tr>
<td><strong>Maximum guaranteed loan</strong> <em>(up to 75% of total eligible project costs)</em></td>
<td>$25 million</td>
<td>$25 million</td>
</tr>
<tr>
<td><strong>Minimum combination grant &amp; loan</strong> <em>(up to 75% of total eligible project costs)</em></td>
<td>$ 5000</td>
<td>$ 5000</td>
</tr>
<tr>
<td><strong>Minimum grant portion of the combined funding request</strong></td>
<td>$ 1500</td>
<td>$ 1500</td>
</tr>
<tr>
<td><strong>Maximum grant assistance in any one fiscal year per borrower</strong></td>
<td></td>
<td>$ 750,000</td>
</tr>
<tr>
<td><strong>Maximum total amount of loans guaranteed to any one borrower</strong></td>
<td></td>
<td>$25 million</td>
</tr>
<tr>
<td><strong>Guaranteed loan - Equity evidence by borrowers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>= or &lt; $600,000 – not less than 15% of eligible project costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; $600,000 – not less than 25% of eligible project costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maximum percentage of guarantee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>= or &lt; $600,000</td>
<td>85%</td>
<td></td>
</tr>
<tr>
<td>&gt; $600,000 &amp; = or &lt; $5 million</td>
<td>80%</td>
<td></td>
</tr>
<tr>
<td>&gt; $5 million &amp; = or &lt; $10 million</td>
<td>70%</td>
<td></td>
</tr>
</tbody>
</table>
Wind Energy
Geothermal – Direct Use

• A system that uses thermal energy directly from a geothermal source
  – At high temperatures, can directly heat water or buildings
  – At lower temperatures, temperature difference between earth and air can heat and cool buildings
Solar Energy

Verendrye Electric Cooperative
Solar and wind owned stock tanks. A Renewable Energy System for Livestock Producers
Section 9007 Biomass Application!
Hydrogen

- A renewable energy system that produces hydrogen or, a renewable energy system that uses mechanical or electric power or thermal energy from a renewable resource using hydrogen as an energy transport medium.
Energy Efficiency Improvements
Grain Dryer Replacement
Energy Efficiency Improvements
Irrigation Pump Replacement

Example: The project will replace an old, inefficient diesel motor with a new electric, more efficient motor on an irrigation well.
Energy Efficiency Improvements

New HVAC, double pane storefront glazing and windows, standard double glazed skylights, and insulation.

The project will consist of replacing the dairy produce and meat cases with new, more efficient cases.
What are Eligible Costs?

- Post application purchase & installation of equipment.
- Post application construction or project improvements.
- Energy audits or assessments.
- Permit & license fees
- Business plans
- Technical reports
- Professional service fees
- Feasibility studies
## Components of the Technical Report

1. Qualifications of the Project Team  
   - 10 points
2. Agreements and Permits  
   - 5 points
3. Energy or Resource Assessment  
   - 10 points
4. Design and Engineering  
   - 30 points
5. Project Development Schedule  
   - 5 points
6. Project Economic Assessment  
   - 20 points
7. Equipment Procurement  
   - 5 points
8. Equipment Installation  
   - 5 points
9. Operation and Maintenance  
   - 5 points
10. Dismantling & Disposal of Project Components  
    - 5 points
Energy Assessment or Energy Audit

- Energy audit **required** when total eligible project costs **exceed $50,000**.

- Energy assessment **required** when total eligible project **$50,000 or less**.
Evaluation Criteria

1. Quantity of Energy Replaced, Produced. Or Saved. (5 to 15 points)
2. Environmental Benefits (10 points)
3. Commercial Availability (5 to 10 points)
4. Technical Merit (35 points)
5. Readiness (5 to 15 points)
Evaluation Criteria

6. Small Ag Producer/Very Small Business (5 or 10 points)
7. Simplified Application (5 points)
8. Previous Grantees & Borrowers (5 points)
9. Return on Investment (2 to 10 points)
10. Loan Rate (5 to 10 points)
REAP Update
FY 2011

- Currently accepting applications for FY 2011
- Unsure when funds will be available.
- Can start project once complete application is submitted.
- Anticipate approximately $100 million
Contact Information

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