

# USDA Rural Development

“Committed to the future of rural communities.”



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Jasper Schneider, North Dakota State Director

# USDA Rural Development



**Rural Energy for America Program (REAP)  
Webinar  
December 15, 2010**



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# USDA-RD

## Our Mission

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



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# 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**



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# 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



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# 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>
- 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?

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- 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.



<b>Amount of financial assistance</b>	<b><i>Renewable Energy</i></b>	<b><i>Energy Efficiency</i></b>
<b><i>Minimum grant</i></b> <i>(up to 25 % of total eligible project costs)</i>	<b>\$ 2,500</b>	<b>\$ 1,500</b>
<b><i>Maximum grant</i></b> <i>(up to 25 % of total eligible project costs)</i>	<b>\$ 500,000</b>	<b>\$ 250,000</b>
<b><i>Minimum guaranteed loan</i></b> <i>(up to 75 % of total eligible project costs)</i>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b><i>Maximum guaranteed loan</i></b> <i>(up to 75 % of total eligible project costs)</i>	<b>\$25 million</b>	<b>\$25 million</b>
<b><i>Minimum combination grant &amp; loan</i></b> <i>(up to 75 % of total eligible project costs)</i>	<b>\$ 5000</b>	<b>\$ 5000</b>
<b><i>Minimum grant portion of the combined funding request</i></b>	<b>\$ 1500</b>	<b>\$ 1500</b>
<b><i>Maximum grant assistance in any one fiscal year per borrower</i></b>	<b>\$ 750,000</b>	
<b><i>Maximum total amount of loans guaranteed to any one borrower</i></b>	<b>\$25 million</b>	
<b><i>Guaranteed loan - Equity evidence by borrowers</i></b>	= or < \$600,000 – not less than <b>15%</b> of eligible project costs > \$600,000 – not less than <b>25%</b> of eligible project costs	
<b><i>Maximum percentage of guarantee</i></b>	<b>=or&lt; \$600,000</b>	<b>85%</b>
	<b>&gt;\$600,000 &amp; =or&lt; \$5 million</b>	<b>80%</b>
	<b>&gt;\$5 million &amp; =or&lt; \$10 million</b>	<b>70%</b>

# Wind Energy



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# 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



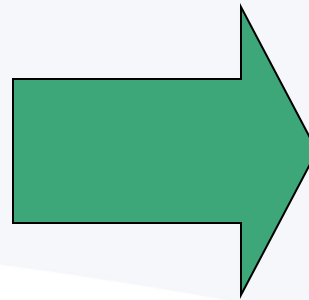
# Solar Energy

**Verendrye Electric Cooperative  
Solar and wind owned stock  
tanks. A Renewable Energy  
System for  
Livestock Producers**



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# 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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