

USDA



Rural Development

Committed to the future of rural communities.

USDA ‘Renewable Energy Systems & Energy Efficiency Improvements Program’

September 7, 2006

Chuck Banks, State Director

USDA Rural Development / Kansas



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USDA Rural Development

Agency Goals

- 1. Increase economic opportunity in rural America**
- 2. Improve the quality of life for all rural Americans**

Lead Federal Agency Serving Rural America



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USDA Rural Development

Delivers Over 40 Programs:

- ❖ Utilities (Infrastructure)
- ❖ Housing
- ❖ Business
- ❖ Community Development Training

\$235 million in Kansas / Fiscal Year 2005



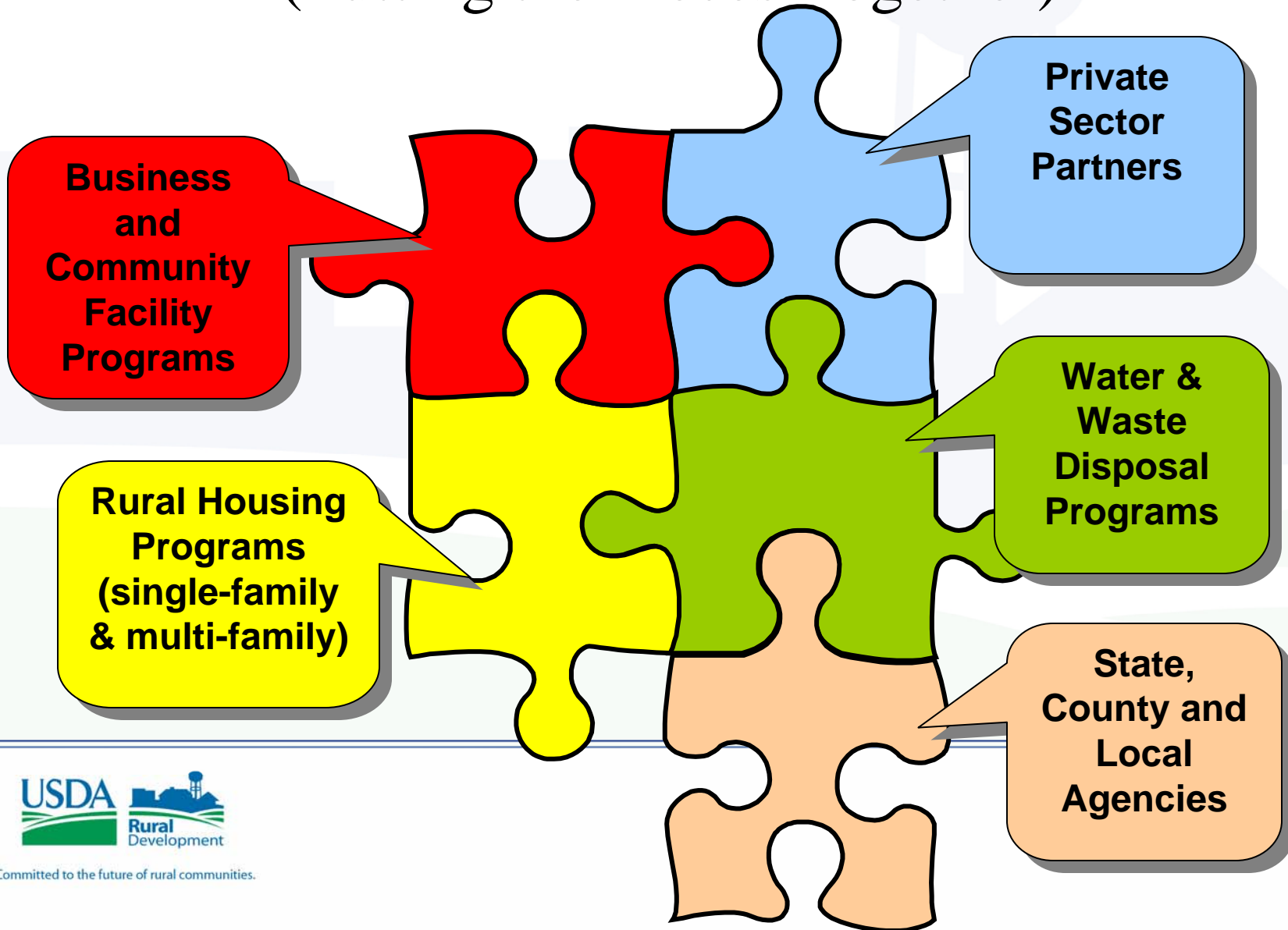
USDA Rural Development **(Program Partners)**

- Commercial Lenders
- Rural Cooperatives (Utility & Others)
- Economic Development Organizations
- Community Non-Profit Entities
- Faith-Based Organizations
- Industry Associations



USDA Rural Development Programs

(Putting the Pieces Together)



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Renewable Energy & Energy Efficiency Improvements Program (REEE)

- Created within the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill)
- Title IX – Energy
 - Section 9006, Renewable Energy Systems and Energy Efficiency Improvements



Renewable Energy & Energy Efficiency Improvements Program

- Section 9006 – In General
 - In addition to exercising authority to make loans and loan guarantees under other law, the Secretary shall make loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to:
 - Purchase renewable energy systems
 - Make energy efficiency improvements



Renewable Energy & Energy Efficiency Improvements Program

A program to help
Agricultural Producers
and
Rural Small Businesses
purchase renewable
energy systems and make
energy efficiency
improvements.



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Who is eligible to apply for funding?

- **Agricultural Producers** directly engaged in ag production (> 50% of their gross income)



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- Demonstrated financial need



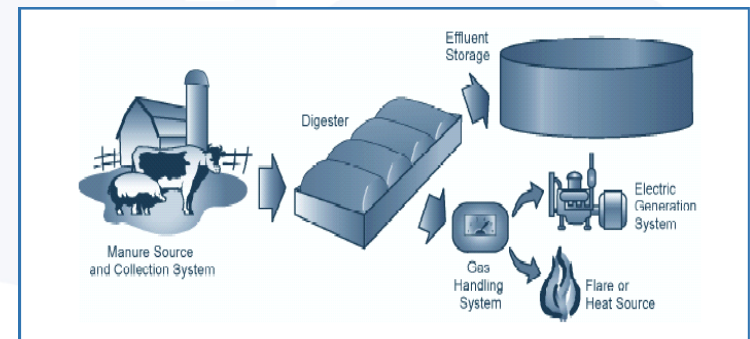
Who is eligible to apply for funding?

- **Agricultural Producers** directly engaged in ag production (> 50% of their gross income)
- **Rural Small Businesses** that meet the SBA Size Standards
- Demonstrated financial need
- Non-profit organizations and public entities are excluded.



What types of projects are eligible?

- Biomass
 - Bio-energy
 - Anaerobic digester
- Geothermal
- Solar
- Wind
- Hydrogen derived from Biomass
- Energy efficiency



What projects are eligible?

- Any **renewable energy system** and/or **energy efficiency improvements** project as defined in law.
- Requirements of eligible projects
 - Must be for a **pre-commercial** or commercially available and replicable technology (**No R&D**)
 - Must have technically feasible and replicable
 - Meet matching funding requirements
 - Project must be located in a **rural area**
(area of 50,000 population or less)



What projects are eligible?

- Must have sufficient revenues to provide for operation, management, maintenance and debt service of the project
- Applicant must be the owner of the project and control the revenues and expenses of the project, including operation and maintenance
- Pre-Commercial: at least one commercial unit in operation for at least 1 full year in U.S.



Eligible Funding Uses

- Post-application purchase and installation of equipment; (except agricultural tillage equipment & vehicles)
- Post-application construction or project improvements (except residential)
- Energy audits or assessments
- Permit fees



Eligible Funding Uses

- Professional service fees; (except REEE program application preparation)
- Feasibility Studies

Note:

Only costs identified in the Energy Audit for energy efficiency improvements are allowed (EE)



Eligible Funding Uses

- Business plans
- Retrofitting
- Construction of a new facility (EE) - same purpose same size, based upon energy audit which provides more energy savings than improving the existing facility
- Working capital (Guaranteed Loan funding only)
- Land acquisition (Guaranteed Loan funding only)



REEE Matching Funding Options

- Sources:
 - USDA Business & Industry Guaranteed Loan
 - Commercial Credit
 - Applicant Contribution
 - Investors
 - Foundations
 - State Programs



KS Project Funding Example

- 25% REEE Energy Efficiency Grant
- 25% REEE Energy Efficiency Guaranteed Loan
- 50% Business & Industry Guaranteed Loan



Ineligible Funding Uses

- Ineligible project costs include any costs not identified above as eligible costs
- Note: Residential use of renewable energy and residential energy efficiency improvements are not eligible



What size of Grant is available?

- Not exceed 25% of total eligible project costs
- Minimum grant request
 - Renewable energy system: \$2,500
 - Energy efficiency improvements: \$1,500



What size of Grant is available?

- Maximum grant request
 - Renewable energy system - \$500,000
 - Total eligible project costs over \$200,000 require a business-level feasibility study prepared by an independent qualified consultant.
 - Energy efficiency improvements - \$250,000
 - Total eligible project costs over \$50,000 require an energy audit prepared by or reviewed by an energy auditor.
 - Maximum grants per applicant per fiscal year is \$750,000



What size of Guaranteed Loan (GL) is available?

- Not exceed 50% of total eligible project costs
- Maximum combination GL and grant cannot exceed 50% of total eligible project costs
- Minimum GL request: \$5,000
- Maximum GL request: \$10 million



What Guaranteed Loan (GL) rates and terms are available?

- Interest rate negotiated between lender and applicant
- Real estate must not exceed 30 years
- Machinery and equipment must not exceed 20 years or useful life
- Combined loans of real estate and equipment must not exceed 30 years
- Working capital must not exceed 7 years



KS REEE Program Outreach (FY2006)

- Information Meetings
 - Statewide Renewable Energy & Energy Efficiency Workshop
 - March 30, 2006 at Hesston, KS
 - Multiple Workshops Renewable Energy & Energy Efficiency
 - February 7, 2006 at Dodge City, KS
 - February 8, 2006 at Salina, KS
 - February 9, 2006 at Iola, KS
 - February 10, 2006 at Topeka, KS



KS RE/EE Projects Announced FY2006

Project Name	Grant Amt	Energy Type	Purpose
Cougar Custom Boats	\$49,683	Renewable / Geothermal	Water Source Heat Pumps to Heat and Cool
Lipp Properties	\$20,537	Renewable / Wind	Install Two 5KW Wind Turbines
27 th and Hall Laundry	\$3,257	Energy Efficiency	Install 2 water heaters
Cates Carquest	\$4,744	Energy Efficiency	Heating and Air Conditioning Unit Replacement
Satanta Grocery	\$23,488	Energy Efficiency	Refrigeration/Lighting/Heating and Air Conditioning
M & M Market	\$10,283	Energy Efficiency	Replace Meat Freezer for Store



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KS Projects Approved FY2006 (Guaranteed Loan & Grant)

- Hayes Sight and Sound, Inc.
 - HVAC and lighting
 - \$26,000 Grant (Energy Efficiency)
 - \$26,000 Loan (Energy Efficiency Guaranteed Loan)
 - \$52,000 Loan (USDA Business & Industry Guaranteed Loan)
- White's KingCo, Inc.
 - Refrigeration and lighting
 - \$48,838 Grant (Energy Efficiency)
 - \$48,830 Loan (Energy Efficiency Guaranteed Loan)



KS Energy Projects Approved in Previous Years

- Epic Homes of Kansas, Inc.
 - Replace Heating and Air Conditioning at Business
 - \$5,000 Grant (Energy Efficiency)
- Luray Grocery
 - Replace Refrigeration
 - \$9,673 Grant (Energy Efficiency)



KS Energy Projects Approved in Previous Years

- Community General Store
 - Replace Refrigeration
 - \$6,935 Grant (Energy Efficiency)
- T and T Foods, Inc.
 - Replace Refrigeration
 - \$11,000 Grant (Energy Efficiency)
- Mackinson Foods, Inc.
 - Refrigeration, and Heating and Air Conditioning replacement
 - Lighting, efficient doors
 - \$29,075 Grant (Energy Efficiency)



Renewable Energy/Energy Efficiency *Project Types*

Renewable Energy Projects

- Purchase and Install Anaerobic Digester
- Purchase and Install Waste Wood Fired Boiler
- Install Wind Turbines
- Geothermal Heating and Cooling for Business

Energy Efficiency Projects

- Purchase Energy Efficient Grain Dryer
- Replace Grocery Display Cases
- Convert Diesel Motors to Electric
- Replace Windows, Doors, and Lighting Fixtures
- Replace Irrigation Power Units



Renewable Energy & Energy Efficiency Program

Funded Projects



Grocery Store, northeast Kansas



Renewable Energy & Energy Efficiency Program

Funded Projects



Grocery Store, south-central Kansas



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REEE Program Application Process

- 2006 NOFA dated February 13, 2006 announced application deadlines for:
 - Grant
 - Guaranteed Loan
 - Combination Loan & Grant



Advancing Renewable Energy Conference

Oct 10-12, 2006

St. Louis, MO

For more information
and to register for the
conference:

[http://www.Advancing
RenewableEnergy.com](http://www.AdvancingRenewableEnergy.com)



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Advancing Renewable Energy Conference
Advancing Renewable Energy:
An American Rural Renaissance

ADVANCING RENEWABLE ENERGY

October 10-12, 2006
America's Center
St. Louis, Missouri

ABOUT the Conference

DOE and USDA are hosting this first-time event to further President Bush's Advanced Energy Initiative (AEI)—an aggressive plan to reduce U.S. dependence on foreign oil and ensure a secure energy supply.

The goal of the conference is to help build the necessary partnerships and strategies for hastening the commercialization of domestic, commercially viable renewable energy industries and distribution systems.

Featured speakers at the event will include **DOE Secretary Samuel Bodman** and **USDA Secretary Mike Johanns**.

For more information and to register for the conference, visit:
<http://www.AdvancingRenewableEnergy.com>.

TOPICS

- Building Supply and Distribution Chains
- Encouraging Demand
- Developing Infrastructure
- Creating Effective Market Models and Partnerships

Conference Registration Fee
The fee to attend the conference is \$495. See the Registration page for details and regulations.

USDA Websites

- **Solicitation, forms, and program information**
 - <http://www.rurdev.usda.gov/rbs/farmbill>
- **Supportive programs**
 - <http://www.rurdev.usda.gov/rbs/busp/bprogs.htm>



Useful Links

- **Federal Register**
 - <http://www.gpoaccess.gov/fr/index.html>
- **Code of Federal Regulations**
 - <http://gpoaccess.gov/cfr/index.html>
- **Office of Management and Budget**
 - <http://www.whitehouse.gov/omb>
- **Federal Acquisition Regulations**
 - <http://www.arnet.gov/far/>



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