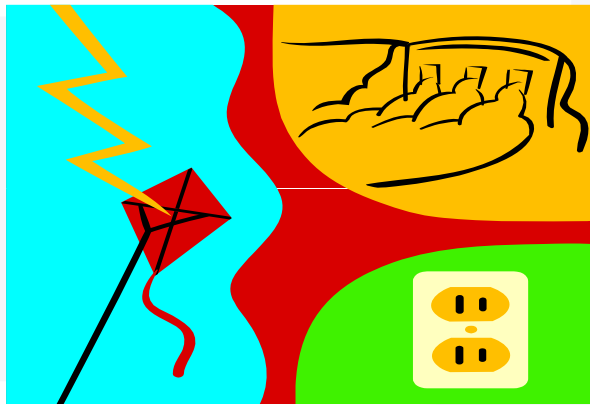


Section 9007 Rural Energy for America Program



Overview of REAP Grants and Guaranteed Loans for Farmers, Ranchers, and Rural Small Businesses

Renewable Energy Systems [RES]

- Wind
- Solar
- Biomass (renewable)
- Geothermal
- Hydro-electric (small 30 MW)

Energy Efficiency Improvements (EEI)

- Added insulation
- Insulated windows
- New Energy Efficient HVAC
- New Energy Efficient Grain Dryer
- Poultry House Upgrades
- Diesel Irrigation Replacement

Applicant Eligibility

- Must be an agricultural producer or rural small business
- Have no outstanding judgment in US Court or has not been debarred from receiving federal assistance



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Project Eligibility

- The project must be for the purchase of a renewable energy system or to make energy efficiency improvements
- The project must be pre-commercially or commercially available and replicable technology
- Must have technical merit
- Must be located in a rural area
- Applicant must own, control, and operate the project
- Must maintain ownership and control while funds are financed by Federal loans
- Must have sufficient revenues to be successful



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What are Eligible Costs?

- Post application purchase & installation of equipment, except agricultural tillage equipment and vehicles.
- Post application construction or project improvements, except residential.
- Energy audits or assessments
- Permit fees
- Professional service fees, except for application preparation.
- Feasibility studies
- Business plans
- Retrofitting
- Construction of a new facility – same purpose, same size, provides more energy savings than improving an existing facility

Guaranteed RE/EE Loans

- Loan cannot exceed 75% of project costs
- Maximum loan is \$25 million
- Percentage of Guarantee
 - 85% for loans under \$600,000
 - 80% for loans between \$600,000 & \$5 million
 - 70% for loans between \$5 million & \$10 million
 - 60% for loans over \$10 million
- Guarantee Fee – 1%
- Annual Renewal Fee – maximum is .5% but is determined each year



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Guaranteed Loans

- Eligible Project Costs
 - Post application purchase of machinery and equipment
 - Post application construction or improvements
 - Energy audits or assessments
 - Permit and license fees
 - Professional fees
 - Feasibility studies
 - Business plans
 - Retrofitting
 - Construction of a new facility
 - **Working Capital**
 - **Land Acquisition**

Loan Terms

- Real Estate
 - 30 years maximum
- Machinery and Equipment
 - 20 years or the useful life
- Working Capital
 - 7 years maximum

USDA RD REAP Grant & Guaranteed Loan Combination

- 25% Grant up to limit
- 50% Guaranteed loan
- 25% owner equity



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Items to Complete an Application

- Map to Property
- Aerial Map
- Matching Funds Documentation
- Copy of Deed
- Most recent Tax Return (1040 and Sch. F)
- Farming Description
- Records for 12-24 months of Energy Usage (Energy Audit)
- Bids for Equipment and Installation
- Warranty Information
- Project Team Qualifications
- Energy Audit

Items to Complete an Application

- Self Evaluation Score
 - Energy Saving
 - Environmental Benefit
 - Commercially Available Technology
 - 5 year warranty
 - Technical Merit
 - Readiness
 - Small Agricultural Producer
 - Very Small Business
 - Simplified Application
 - Total project costs under \$200,000 –



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Items to Complete an Application

- Self Evaluation Score (cont.)
 - Previous Grantee
 - If no previous grant has been received –
 - Return on Investment/Simple Payback
 - For example: \$2,000,000 Total Project Cost/\$300,000 Annual Income = 6.66 years
 - Based on your project information &/or Energy Audit
 - Less than 4 years – 10 points
 - 4 to 7 years – 4 points
 - 8 to 11 years – 2 points



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Additional Information

- Total Score:
 - There are 85 potential points in the Base Priority Score
 - There are 35 potential points in Technical Review Score
 - There are a total of 120 potential points
 - FY2010 National Office Funding Pool
 - Projects funded that scored 93+ or more
 - USDA RD Guaranteed RE Loan

Organizational Documents

- Articles of Incorporation
- By-laws
- Current certification of Good Standing within one year
 - UCC Division
 - Utah State Department of Commerce

Feasibility Study

- For each application for a renewable energy system, with total project costs of over \$200,000, a business-level feasibility study by an independent, qualified consultant will be required. An acceptable feasibility study must at least include an evaluation of economic, market, technical, financial and management feasibility.

Professional Engineer

- For renewable energy projects with total eligible project costs greater than \$400,000 and for energy efficiency projects with eligible costs greater than \$200,000, the design review, installation monitoring, testing prior to commercial operation and project completion certification will require the services of a licensed professional engineer (PE) or team of licensed PE's.

State Environmental Review Requirements

(Executive Order 12372)

- Prior approval is needed for the environmental assessment on projects involving construction, renovation, or rehabilitation that will have federal, state or local funds or for those projects that will have a state-wide impact.
- Intergovernmental Review by USDA, Rural Development and by the appropriate Association of Governments is required for all projects, including those that involve technical assistance, equipment purchases, or other miscellaneous issues i.e. refinancing, inventory, or working capital.
- Contact your local USDA, Rural Development Office for more details.



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DUNS Number

- Individuals who would personally receive a grant from the Federal government apart from any business or non-profit organization they may operate are exempt from this requirement.

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Questions?



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