

USDA Rural Development Energy Programs

Section 9007: Rural Energy for America Program (REAP) (Formerly Section 9006 Renewable Energy Systems and Energy Efficiency Improvements Program)

Section 9005: Bioenergy Program for Advanced Biofuels

Value Added Producers Grant (VAPG)



Rural Energy for America Program

Section 9007

Small Businesses

- 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
- Project must be located outside of the Municipality of Anchorage.

Agriculture Producers

- Must directly engage in production of agricultural products. (includes harvesters such as fishermen and loggers)
- At least 50% of gross income must be from their agriculture business (*IRS income tax forms used to verify*)
- Can be located anywhere in the State.



<u>REAP Grants</u>	Renewable Energy Project	Energy Efficiency Improvements Project
Description	A process that PRODUCES energy from a renewable energy source.	Improvements to a facility or process that REDUCE energy consumption.
<i>Minimum grant (no more than <u>25%</u> of total eligible project costs)</i>	\$ 2,500	\$ 1,500
<i>Maximum grant (no more than <u>25%</u> of total eligible project costs)</i>	\$ 500,000	\$ 250,000



Rural Energy for America Program

Section 9007 Guaranteed Loan

- Guaranteed Loans of up to \$25 Million
- Loans can cover up to 75% of project cost

Eligible Project Costs:

- Post-application purchase and installation of equipment (new, refurbished, or remanufactured).
- Post-application construction or improvements, except residential.
- Energy audits or assessments.
- Permit and license fees.
- Professional service fees, except for application preparation.
- Feasibility studies, Technical reports, and Business plans.
- Retrofitting.
- Construction of a new energy efficient facility when used for same purpose.
- Working capital.
- Land acquisition.



Section 9005: Bioenergy Program for Advanced Biofuels

This Program provides for payments to be made to eligible Advanced Biofuel Producers to support and ensure an expanding production of advanced biofuels.

- Provides for payments to be made to eligible Advanced Biofuel Producers to support and ensure an expanding production of advanced biofuels
- Advanced Biofuels are fuels derived from non kernel feedstock
- This does include woody biomass (switch grass, willows, etc.)
- Expected funding announcement to come later this fall
- Benefit to those that are currently producing wood pellets and biobricks within the state
- Opportunity to use in concert with the Farm Service Agency's biomass payment program



Value Added Producers Grant (VAPG)

Planning Grants

- Funds to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business plans, and legal evaluations. (required for Working Capital Grant)
- Up to \$100K
- Dollar for dollar match

Working Capital Grants

- Working Capital uses include, but are not limited, to purchasing inventory or office equipment or paying salaries, utilities or office space. Funds cannot be used to purchase long-term assets.
- Up to \$300K
- Dollar for dollar match



Value Added Producers Grant

Key Points

- Folks applying must harvest the agricultural commodity
- Includes harvesters (wood and fish products)
- Grants are dollar for dollar matches
- Mandatory Funds, dispersed once a year with announcement in Federal Register
- Can't apply for planning funds and working capital funds in the same year
- If you already have a F.S. and Business Plan, can apply for working capital funds in first year



Questions?

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