



United States Department of Agriculture

RURAL ENERGY FOR AMERICA PROGRAM (REAP)

FACT SHEET

Section 9007 – The Rural Energy for America Program, through USDA Rural Development, offers grants, guaranteed loans, and combination grant/guaranteed loans to help agricultural producers and rural small businesses in rural areas to purchase and install renewable energy systems and make energy efficiency improvements to their current operations. Helpful information regarding the Section 9007 program can be found at:

<http://www.rurdev.usda.gov/Energy.html>

Who is eligible?

An **agricultural producer** (individual or entity) directly engaged in the production of agricultural products that obtains at least 50% or greater of their gross income from their agriculture business.

A **rural small business** – an entity is considered a small business in accordance with SBA's (Small Business Administration) small business size standards (by NAICS codes). SBA size standards can be found at

http://www.sba.gov/sites/default/files/Size_Standards_Table.pdf

If a farm operation does not meet the program definition of an agricultural producer, it may apply as a rural small business, provided that it meets the applicable SBA standard.

- ❖ A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501(c) (12) of the Internal Revenue Code).
- ❖ An electric utility, including a Tribal or governmental electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA's definition of small business. These entities must operate independent of direct Government control.

With the exception of the entities described above, non-profit organizations and public entities are **excluded**.

How much assistance can be provided?

	Renewable Energy Projects	Energy Efficiency Improvements Projects
Description	A system that produces or produces and delivers usable energy from a renewable energy source.	Improvements to a facility, building, or process that reduce per unit energy consumption.
Minimum grant (no more than 25% of the total eligible project cost)	\$2,500	\$1,500
Maximum grant (no more than 25% of the total eligible project cost)	\$500,000	\$250,000
Maximum grant per applicant per fiscal year	\$750,000	
Minimum guaranteed loan (no more than 75% of the total eligible project cost)	\$5,000	\$5,000
Maximum guaranteed loan (no more than 75% of the total project cost)	\$25,000,000	\$25,000,000
Minimum grant portion of the combined funding request	\$2,500	\$1,500
Maximum combination grant / guaranteed loan (no more than 75% of the total eligible project cost)	\$25,000,000	
Services of a Professional Engineer required?	Projects with total eligible cost > \$400,000	Projects with total eligible cost > \$200,000
Energy audit or energy assessment required?	NO	Required for all energy efficiency projects. Projects with total eligible cost > \$50,000 require an energy audit; projects with total cost < \$50,000 require an energy assessment.
Business Level Feasibility study required?	Projects with total eligible cost > \$200,000	NO
Technical Report Required?	YES	YES

We encourage you to start planning your project now.

A signed original application and two copies are to be submitted to the USDA Rural Development State Office. The address of the Vermont/New Hampshire Rural Development Office is:

**USDA Rural Development
ATTN: Cheryl A. Ducharme
87 State Street, Suite 324
P O Box 249
Montpelier, VT 05601**

The phone number to call is (802) 828-6083. Selection is based on a nation-wide competition for funds. To qualify for consideration for funding, an application must meet the application requirements, technical requirements, and environmental requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application for each type of project may be submitted per year.

These are the types of projects Rural Development can consider

	Renewable Energy Projects	Energy Efficiency Improvements Projects
Categories of projects (Rural small business projects must be located in a rural area; farm projects do not)	<ul style="list-style-type: none"> ❖ Biomass/Bioenergy ❖ Anaerobic Digester ❖ Geothermal – electric generation ❖ Geothermal – direct use ❖ Hydrogen ❖ Small and Large Wind ❖ Small and Large Solar ❖ Hydroelectric ❖ E85, Blender Pumps and biodiesel ¹ 	<p style="text-align: center;">Energy Efficiency Improvements verified by an energy audit or assessment.</p> <p style="text-align: center;">***For equipment identified by an assessment or audit: please see below:</p>

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What type of application should be submitted to Rural Development?

Application process – Grants	Total eligible project costs
Simplified grant application criteria and procedures 4280.109	\$200,000 or less
Technical Report Guidelines can be found in	Appendix A to 4280-B
Full grant application criteria and procedures 4280.111	> \$200,000
Technical Report Guidelines can be found in	Appendix B to 4280-B

Guaranteed Loans 4280.128	Amount of Guaranteed Loan	
Reduced application and documentation	= or < \$600,000	
Full application and documentation	> \$600,000	
Guaranteed loan – Equity evidence by borrowers	= or < \$600,000 – not less than 15% of eligible project cost > \$600,000 – not less than 25% of eligible project cost	
Maximum percentage of guarantee	= or < \$600,000	85%
	> \$600,000 to \$5,000,000	80%
	> \$5,000,000 to \$10,000,000	70%
	> \$10,000,000 to \$25,000,000	60%
Guaranteed loan – Appraisal	= or < \$600,000 complete self-contained appraisal > \$600,000 complete summary appraisal	

Program Information

	Grant	Guaranteed Loan	Combination Grant & Guaranteed Loan
Who is the applicant?	Agricultural producer or rural small business	A lender is the applicant seeking a guarantee on a loan to an agricultural producer or a rural small business.	2 applications needed. The grant application is from the agricultural producer or the rural small business; the lender submits an application for the guaranteed loan.
What are eligible costs? <i>(All eligible projects must be located in a rural area and utilize a replicable, commercially available, and feasible technology.</i> <i>The applicant must be the owner of the project and control the operation and maintenance of the proposed project.</i> <i>Applicants demonstrate the project has sufficient revenues to provide for operation/maintenance.)</i>	<ol style="list-style-type: none"> 1. Post application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment and vehicles. 2. Post application non-residential construction, project improvements 3. Energy audits or assessments 4. Permit and license fees 5. Professional service fees, except for application preparation 6. Feasibility studies and technical reports 7. Business Plans 8. Retrofitting 9. Construction of a new energy efficient facility only when the facility, based on the energy audit, will provide more energy savings than improving an existing facility. 	<p>The same eligible costs as listed for a grant, with the addition of:</p> <ol style="list-style-type: none"> 10. Working capital 11. Land Acquisition 	<p>Only the guaranteed loan portion can be used for working capital or land acquisition.</p>

Please note: **Post application** for eligibility purposes: Equipment purchases or deposits, or any items paid for prior to the submission of a completed application to Rural Development will not be considered as eligible project costs under REAP.

Possible sources of matching funds & assistance in the preparation of tech reports

- ❖ Your banker or lender
- ❖ Vendors of systems/equipment you plan to purchase (technical report preparation)

Possible sources of help for preparing financial information:

- ❖ Your banker or accountant
- ❖ Small Business Development Centers - <http://www.vtsbdc.org>
- ❖ Private consultants

Other important information - Projects financed through the Rural Energy Program require environmental reviews by Rural Development. Please provide us with the details of the project early on so that we can discuss with you what type of review will be required and what information you will need to provide. For further information, please contact:

VT/NH Energy Coordinator	VT/NH State Office Technician
Cheryl A. Ducharme USDA Rural Development 87 State Street, Suite 324 P O Box 249 Montpelier, VT 05601 Phone – 802-828-6083 Email – Cheryl.ducharme@vt.usda.gov	Donna Montgomery USDA Rural Development 87 State Street, Suite 324 P O Box 249 Montpelier, VT 05601 Phone – 802-828-6031 Email – donna.montgomery@vt.usda.gov

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