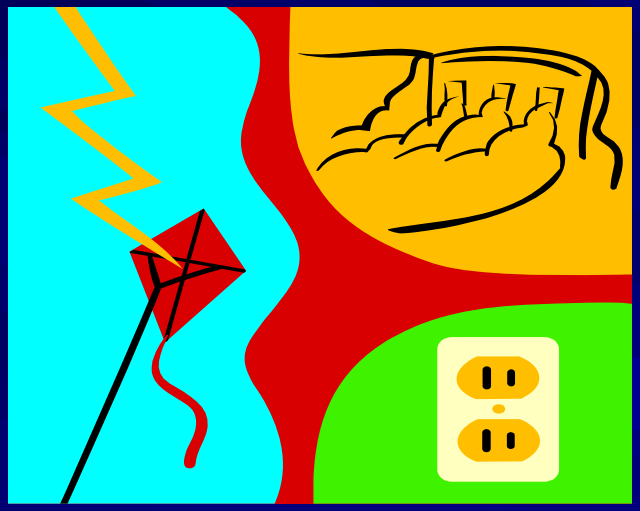
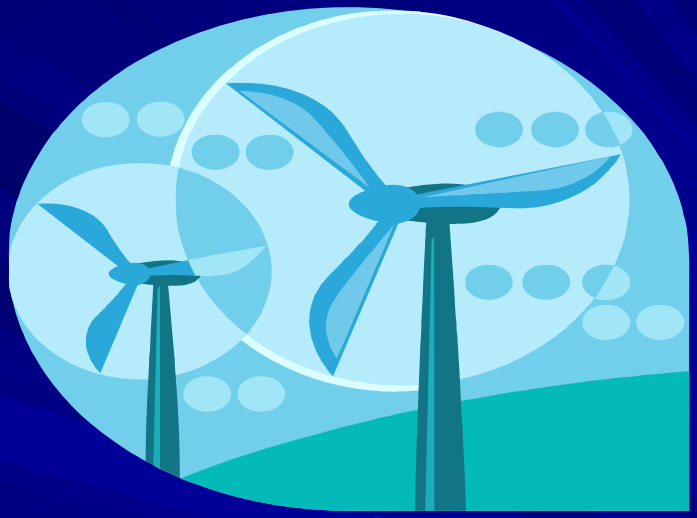
RURAL ENERGY FOR AMERICA PROGRAM





VIRGINIA COMMISSION ON ENERGY AND ENVIRONMENT MEETING

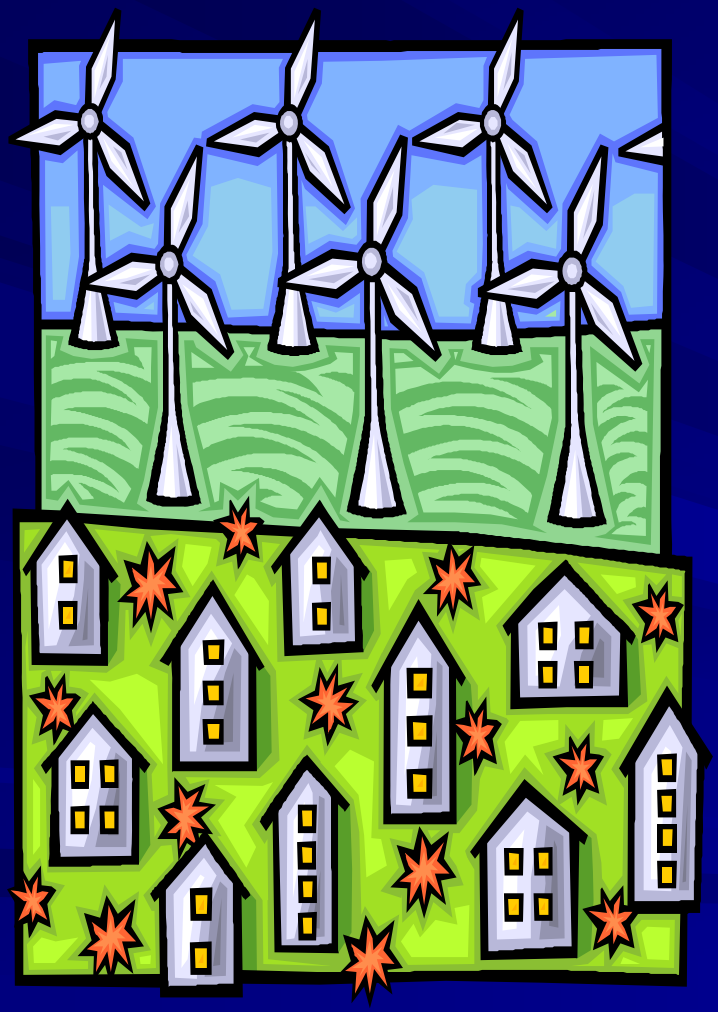
September 9, 2008

USDA Rural Development

RURAL ENERGY FOR AMERICA PROGRAM (REAP)

- Formerly the Renewable Energy Systems and Energy Efficiency Improvements Program, Section 9006, which was enacted in the 2002 Farm Bill
- Re-authorized in the 2008 Farm Bill as Section 9007
- Like its predecessor, REAP provides grant and loan guarantees to farmers, ranchers and rural small businesses to promote energy efficiency and renewable energy
- Grant requests must not exceed 25 percent of the total eligible project costs.
- The authorized funding for REAP between 2009 and 2012 is $255 million, which is more than double the funding authorized in the previous Farm Bill

Purpose



- Purchase renewable energy systems

  (A process that produces or produces and delivers useable energy.

- Energy Efficiency improvements to a facility or process that reduces energy consumption

RENEWABLE

ENERGY

Projects That Can be Funded

1. Biomass, Bioenergy
2. Anaerobic Digester
3. Geothermal, electric generation
4. Geothermal, direct use
5. Hydrogen
6. Solar, small (10 kW or smaller)
7. Solar, large (larger than 10 kW)
8. Wind, small (100 kW or smaller)
9. Wind, large (larger than 100 kW)

Each technology listed has a separate technical report requirement

SAMPLE PROJECTS

RENEWABLE ENERGY

- Install factory made wood burning furnace to heat water that will be pumped through insulated underground pipes.
- Install geothermal renewable energy system at a winery and farm.
- Install wind turbines and solar PV array pumping system.
- Build a 12,000,000 gallon bio-diesel plant.

ENERGY

EFFICIENCY

What are Energy Efficiency Improvements ?

Improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot.

SAMPLE PROJECTS

ENERGY EFFICIENCY

- Install energy efficient grain drying bin.
- Install energy efficient lighting in a restaurant using a reverse Ambient Solar Energy Refrigeration System.

ELIGIBILITY

Farmers and Ranchers Must:

- Demonstrate a financial need (for grants)
- Must directly engage in production of agricultural products.
- Earn at least 50% of their gross income from their agriculture business.

Small Businesses Must:

- Demonstrate a financial need (grants only)
- Be located in a rural area.
- Meet the definition of a small business according to SBA (http://sba.gov/size/index.html)
- Be a private entity including a sole proprietorship, partnership, corporation, a cooperative, and an electric utility
- Not be a non-profit organization

Eligible Projects Must:

- Be for the purchase of a renewable energy system or energy efficiency improvement
- Be pre-commercial or commercially available and replicable technology
- Be Technically feasible
- Be located in a rural area
- Be owned and controlled by the applicant
- Have adequate revenues for operation & maintenance

Eligible Costs Are:

- 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–ONLY if same purpose, same size, provides more energy savings than improving an existing facility

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	Renewable Energy Projects	**Energy Efficiency** Improvements Projects
Description	A process that PRODUCES energy from a renewable energy source.	Improvements to a facility or process that REDUCE energy consumption.
Minimum grant *(no more than **25%** of total eligible project costs)*	$ 2,500 (Total Project Cost $10,000)	$ 1,500 (Total Project Cost $6,000)
Maximum grant *(no more than **25%** of total eligible project costs)*	$ 500,000 (Total Project Cost $2,000,000)	$ 250,000 (Total Project Cost $1,000,000)

	Renewable Energy Projects	**Energy Efficiency** Improvements Projects
Energy audit and energy assessment required?	NO	Required for all EE projects. Projects with total eligible costs >$50,000 require an energy audit
Feasibility Study required?	Projects with total eligible cost > $200,000	NO
Professional Engineer required?	Projects with total eligible cost >$400,000	Projects with total eligible cost > $200,000
Technical Report Required?	YES	YES

APPLICATION

PROCESS

Application or Project Must:

- Meet eligibility requirements for:
  - Applicant
  - Project
  - Financial Need
  - Replicability
  - Complete application
- Pass
  - Technical Review
- Approved
  - National Environmental Policy Act (NEPA) Review (Environmental Assessment)

Filling out the Application

- **Standard Forms**

  - All necessary forms are available for download at

www.rurdev.usda.gov/rbs/farmbill/

- **Technical Report**

  - Found in RD Instruction 4280-B, Appendix A or B, depending on project amount.

- **Environmental Requirements**

Types of Applications

- **Simplified Application:**
  - **Utilized for total eligible project costs of $200,000 or less**
  - **Qualifications for Simplified Application contained in RD-Instruction 4280-B, section 4280.109**
  - **Contents of Simplified Application found in RD-Instruction 4280-B, section 4280.111**
  - **Technical Report guidelines can be found in Appendix A to RD Instruction 4280-B.**

Full Application:

- Utilized for total eligible project costs of $200,000 or more.
- Contents of Full Application found in RD Instruction 4280-B, section 4280.111
- Applicant provides a certification of financial need.
- Technical Report guidelines can be found in Appendix B to RD Instruction 4280-B.

Application Submission:

Submit 2 copies of the -

- grant application package, including
- score sheet, and
- technical report

TO: Rural Development
Rural Business-Cooperative Programs
1606 Santa Rosa Road, Suite 238
Richmond, VA 23229

REVIEW PROCESS:

- Application is reviewed by VA RD staff for completeness, eligibility determination and scoring
- The environmental assessment is completed by VA RD staff.
- Application is reviewed by the National Renewable Energy Lab (NREL) for technical feasibility if the project is for a Renewable Energy Project. Otherwise the technical review is completed by the agency's Engineer or Architect.

Utilize tools provided by RD

www.rurdev.usda.gov/rbs.html

- Review Checklist

  Be sure to submit all the information requested for the application. RD forms are at the same website location.

- Score Sheet

  Score your application and attach supporting documentation.

www.rurdev.usda.gov/rbs/farmbill/technicl.htm

- Technical report guidelines

  Be sure to follow the format described.

Additional information can be obtained from the Iowa website at: http://www.rurdev.usda.gov/ia/rbcs_RE-EE_Section_9006.html

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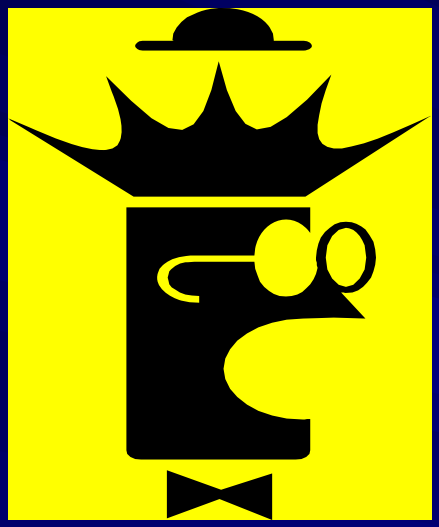
What are your next steps?



- If an Energy Efficiency project, get an energy assessment or audit completed.
- If a Renewable Energy project, exceeding $200,000, a business level feasibility study is required
- Important -The Technical Report
  - **Start making decisions**
  - **Plan your project**
  - **Consult experts**

For more detailed information contact:

Laurette Tucker (804-287-1594)
Kent Ware (804-287-1557)

www.rurdev.usda.gov/rbs.html

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