

**Section 9007
Rural Energy for
America
Program (REAP)**



USDA Rural Development - Maine

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What is Section 9007?

- 2008 Farm Bill
- rural small businesses
- agricultural producers

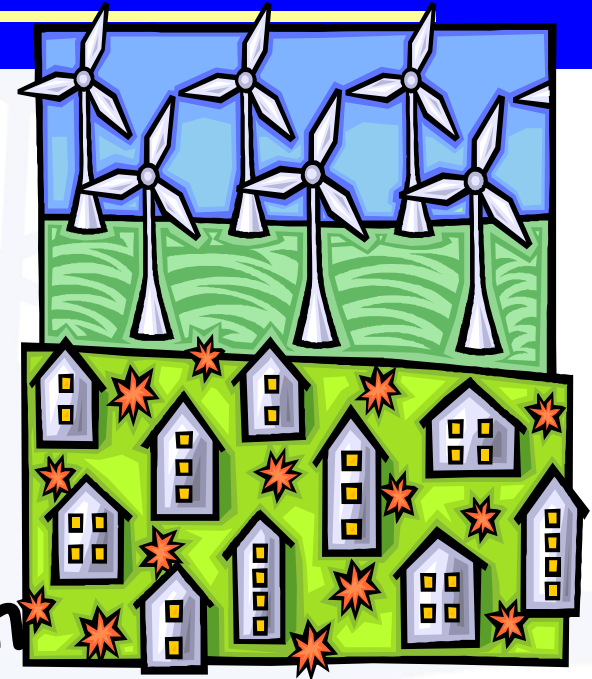
1. to purchase

Renewable Energy System

2. **Energy Efficiency** Improvements, and

3. Grants for stand-alone **feasibility studies**

4. Grants for **energy audits & renewable energy development**



Section 9007

Rural Energy for America Program

RENEWABLE ENERGY

Wind

Solar

Geothermal

Biomass

Hydrogen

Ocean

Micro-hydro

ENERGY EFFICIENCY

Building
Improvements

Equipment/
Mech. Systems

Improvements/
Replacement

Eligible Applicants Feasibility for RE, EEI, stand-alone studies

- Agricultural Producers

- US Citizenship
- Directly engaged in ag production
- 50%+ of gross income from ag operations

- Rural Small Businesses

- US Citizenship
- Must meet SBA small business size standards
- Go to SBA website and locate the table of size standards



Project Eligibility



- Must be for purchase of RE system or EE improvement or stand-alone feasibility study
- Commercially available technology
- Technical Merit
- Location in a rural area (= or less 50,000)
- Applicant must be owner of project
- Site has to be controlled by Br./Grantee
- Satisfactory sources of revenue

Types of Financial Assistance for RE/EEI projects



- Grant Only
for up to **25%** of total eligible costs
- Guaranteed Loan Only
for up to **75%** of total eligible costs
- Combination Grant and Guaranteed Loan
for up to **75%** of total eligible costs

Grants for up to 25% of total eligible costs are available for a stand-alone feasibility study

Equity Requirements \$\$

- For guaranteed loan \leq \$600,000, 15% equity is required;
- $>$ \$600,000, 25% is required.
- Grant can serve to meet required equity, but
- Grant applicant must show demonstrated financial need.



Loan Guarantees %

- < \$600,000 up to 85%
- >\$600,000 - \$5 million up to 80%
- > \$5 million - \$10 million up to 70%
- > \$10 million up to 60%



Funding Guidelines	Renewable Energy	Energy Efficiency Improvements
Minimum grant <i>(no more than <u>25%</u> of total <u>eligible</u> project costs)</i>	\$ 2,500 Minimum total <u>eligible</u> project costs of \$10,000	\$ 1,500 Minimum total <u>eligible</u> project costs of \$6,000
Maximum grant <i>(no more than <u>25%</u> of total <u>eligible</u> project costs)</i>	\$ 500,000	\$ 250,000



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The minimum g-loan is \$5000 and the maximum is \$25 million

Section 9007 Eligible Costs Include:

- **Post application purchase & installation of equipment,**
(New, refurbished, or re-manufactured) except agricultural tillage equipment, used equipment and vehicles.
- **Post application construction or project improvements,** except residential.
- **Energy audits or assessments,**
- **Permit and license fees,**
- **Professional service fees,**
except for application preparation



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Section 9007 Eligible Costs - Cont'd

- Business plans
- Feasibility studies & Technical reports
- Retrofitting **replacement**
- Construction of a new/energy-efficient facility - same purpose, approximately same size, and based on the energy audit, provides more energy savings than improving an existing facility.
- Only costs identified in the energy audit for

energy efficiency improvements are allowed.





Section 9007 Eligible Costs - Cont'd

For guaranteed loan funds only

Working capital

Land Acquisition

Pre-commercial technologies

Are also considered eligible costs.



Application Templates



✓ **Simplified** grant - \$200,000 or less

✓ **Full** grant > \$200,000

✓ **G-loan** or **Combo** - \$600,000 or less

✓ **G-loan** or **Combo** - > \$600,000

- - - - -

✓ **Feasibility Study Grant**

✓ **Grant** for energy audit and renewable energy assistance

Application Templates (cont'd.)

- Rural Energy for America (REAP) Loan and Grants
- Please answer the following question in order to obtain information the pertains to your specific needs:
- Is your request for a Guaranteed Loan or Grant?



Application Templates (cont'd.)

- Biomass (ethanol, biodiesel); Anaerobic Digester; **Small Wind** ($\leq 100\text{kW}$ & 120 ft. hub height); **Large Wind** (More than 100kW); Hydrogen; Small Solar (less than 10kW); Large Solar (more than 10kW); Geothermal (direct use); Geothermal (electric generation); Energy Efficiency
- Technical requirements are more demanding for “Large” projects.



Application Templates (cont'd.)

- Will your project be under \$600,000 or over \$600,000 in total costs?
(Guaranteed loan or combo)
- Will your project be under \$200,000 or over \$200,000 in total costs?
(Grant)

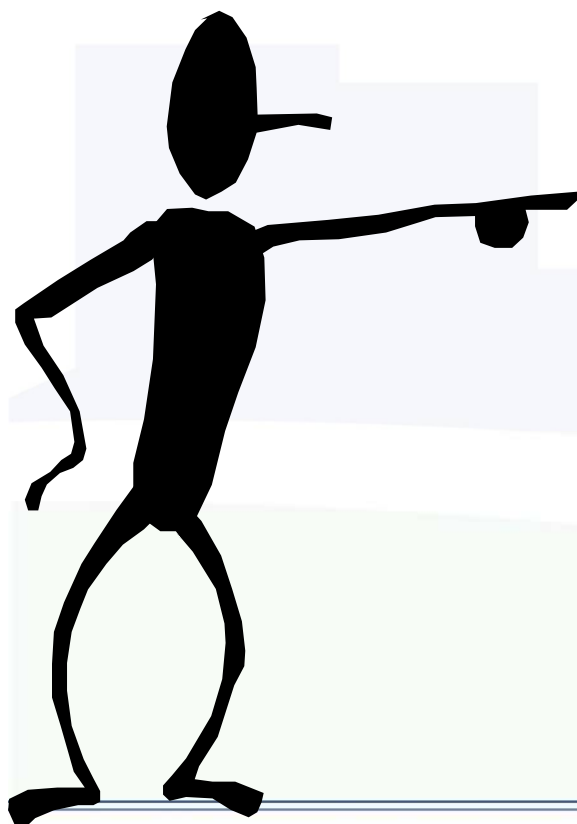


9007 Due Dates

- Not yet established for FY '11
- Last year, 05/14/10



FY 10 Funding for 9007



**Guaranteed
Loans**

**\$264+
million**

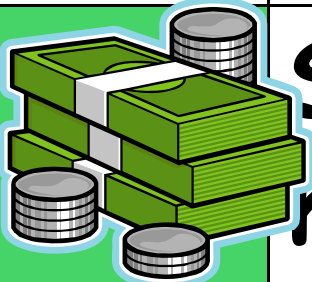
Grants

**\$63+
million**



Grants - FY 10



	\$2.4 million	Energy Audit & RE assistance
	\$9.9+ million	Stand-alone Feasibility studies
	\$19.8+ million	Grants of \$20,000 or less
	\$31.1+ million	RE and EE projects of any size

Guaranteed Business & Industry Loans

- Projects up to \$10 million can be approved by State Director
- \$25 million maximum g-loan with agency Administrator
- \$40 million maximum g-loan, if a coop and with Secretary
- FY '10 - \$993+ million



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Ultimate goals



- Less \$ spent on energy
- Reduce carbon footprint for a healthier environment
- Maine energy independence
- National energy independence



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**Homeland
Security**

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