

USDA Rural Development

Community Programs Division
RUS Rural Utilities Service

Maine Wind Working Group 2nd Annual Wind Conference

PRESENTED BY:

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PROGRAM DIRECTOR

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Committed to the future of rural communities.

High Energy Cost Grant

The High Energy Cost Grant Program provides financial assistance for the improvement of energy generation, transmission, and distribution facilities serving eligible rural communities with home energy costs that are over 275 percent of the national average.



High Energy Cost Grant

- Who is an eligible applicant:
 - A legally-organized for-profit or nonprofit organization such as, but not limited to, a corporation, association, partnership (including a limited liability partnership), cooperative, or trust;
 - Sole proprietorship;
 - State or local government, or any agency or instrumentality of a State or local government, including a municipal utility or public power authority;
 - An Indian Tribe, or tribally-owned entity, an Alaska Native Corporation;
 - An individual or group of individuals; or
 - Any of the above entities located in a U.S. Territory or other area authorized by law to participate in programs of the Rural Utilities Service or under the Rural Electrification Act.



High Energy Cost Grant

- Eligibility
- To be eligible to receive a grant under this program:
 - You must be an eligible applicant;
 - The grant project must serve an eligible extremely high energy cost community;
 - The proposed project must improve energy generation, transmission, or distribution facilities serving an eligible community, and
 - The administrative costs of the project must not exceed 4 percent of grant funds.



High Energy Cost Grant

- Eligible Community

- Your community qualifies as an eligible extremely high energy cost community if average home energy costs in the area to be served exceed 275% of the national average under one or more RUS high energy cost benchmarks. Eligibility may be established using an average household expenditures for individual fuels or for total energy, or average per unit cost for home energy.

Fuel	Average annual household expenditures	Average per unit cost
Electricity	\$3,010	\$0.264 per kilowatt hour
Natural Gas	\$1,988	\$30.30 per thousand cubic feet
Fuel Oil	\$3,921	\$5.54 per gallon
LPG/Propane	\$2,255	\$5.10 per gallon
Total Household Energy	\$4,860	\$51.62 per million BTU's



High Energy Cost Grant

- Eligible Energy Projects

Grants under this program may be used for the acquisition, construction, installation, repair, replacement, or improvement of energy generation, transmission, or distribution facilities of communities with extremely high energy costs.

- Examples of eligible activities include:

- Acquisition, construction, replacement, repair, or improvement of:
 - Electric generation, transmission, distribution facilities, equipment, and materials, including associated and supporting activities; land or right of way acquisition, engineering and professional expenses, permitting costs, natural gas distribution or storage facilities and associated equipment and activities serving residential customers or community use, petroleum product storage and handling facilities serving residential or community use.



High Energy Cost Grant

- Examples of eligible activities include (con't):
 - Renewable energy facilities and systems used for on-grid or off-grid electric power generation, water or space heating, or process heating and power (renewable energy sources include solar, **wind**, hydropower, or biomass technologies), backup up or emergency power generation or energy storage equipment, included distributed generation installed on consumer premises.
- Implementation of energy efficiency, energy conservation measures such as weatherization of residences and community facilities, energy-efficient or energy saving appliances and devices as part of a coordinated demand management or energy conservation program.
- The above examples are illustrative and are not meant to limit the projects that you may propose in your application. An activity that meets the objectives of providing or improving energy service or reducing the costs of energy services to eligible communities is an acceptable grant.



High Energy Cost Grant

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Rural Electrification Loans

LOAN TYPE	ELIGIBLE FACILITIES	ELIGIBLE BORROWERS	INTEREST RATE/ APPROPRIATIONS	SUPPLEMENTAL FINANCING REQUIRED	LOAN TERM
HARDSHIP	Distribution subtransmission and headquarters (service & warehouse) facilities (NOT FOR POWER GENERATION)	Retail providers that meet rate disparity thresholds & whose consumers fall below the average per capita and household income thresholds or have suffered a severe, unavoidable hardship, such as a natural disaster, as determined by the RUS Administrator	5% Interest Rate \$100 Million was appropriated for FY 2010 Proposal for FY 2011 is \$100 Million	NO	Term of loan not to exceed useful life of the facilities being financed, with a maximum term of 35 years
MUNICIPAL	Distribution, subtransmission and headquarters (service & warehouse) facilities	Retail providers for all facilities; power supply providers for subtransmission and headquarters facilities	Interest rates will be established quarterly by RUS based on interest rates available in the municipal bond market for similar maturities and is determined at the time of advance NO PROGRAM FUNDING ESTABLISHED IN FY 2010 & 2011	Yes (generally 30%) except in the case of financial hardships as determined by the RUS Administrator and the first loan following a merger or consolidation	Term of loan not to exceed useful life of the facilities being financed, with a maximum term of 35 years. Power supply borrowers' loan term is also based on the term of its wholesale power contracts



Rural Electrification Loans

LOAN TYPE	ELIGIBLE FACILITIES	ELIGIBLE BORROWERS	INTERST RATE/ APPROPRIATIONS	SUPPLEMENTAL FINANCING REQUIRED	LOAN TERM
TREASURY	Distribution, subtransmission, headquarters (service & warehouse) and renewable generation facilities	Retail providers for all facilities; power supply providers for renewable generation facilities	Interest rates will be established daily by the United States Treasury and is determined at the time of each advance NO PROGRAM FUNDING ESTABLISHED IN FY 2010 & 2011	NO	Term of loan not to exceed useful life of the facilities being financed, with a maximum term of 35 years. Power supply borrowers' loan term is also based on the term of its wholesale power contracts
FINANCED THROUGH FEDERAL FINANCING BANK (FFB) GUARANTEED	Distribution, transmission (bulk and subtransmission), generation and headquarters (office, service & warehouse) facilities	Retail and power supply providers	Interest rates will be established daily by the United States Treasury. Added to that rate is 1/8 of one percent. The interest rate is determined at the time of each advance. 4% \$6.5 Billion was appropriated for FY 2010 Proposal for FY 2011 is \$4 Billion	NO	Term of loan not to exceed useful life of the facilities being financed, with a maximum term of 35 years. Power supply borrowers' loan term is also based on the term of its wholesale power contracts. Project financing – 75% eligible project costs; 25% - 30% equity (equity financing may be needed) (no construction financing must find own)



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FOX ISLAND

It was a massive crowd of 400 that gathered on Vinalhaven on November 17, 2009, to celebrate an impressive community wind project. State and Federal Officials and island residents alike were signing the project's praises, and a ceremonial ribbon was cut to commemorate the unique occasion. After all, it's not every day that the largest community wind project on the east coast is lauded.



USDA Rural Development State Director Virginia Manuel attended the ceremony, along with other dignitaries including Governor John E. Baldacci, Congresswoman Chellie Pingree (who lives on North Haven), Cianbro CEO Peter Vigue, and USDA Rural Development Electric Programs Director, Northern Regional Division, Joseph Badin, amongst others.

USDA Rural Development contributed an Electric Loan in the amount of \$9.5 million (Total project cost was \$14.5 million) to help fund the project, which will provide 1,900 consumers with clean, low-cost renewable wind energy. The infrastructure consists of three General Electric 1.5 megawatt turbines that are 388 feet tall.

The strong offshore winds that made these communities viable 100 years ago, when sailboats carried granite, timber, livestock, people, food and vital supplies between islands and the mainland will now power homes and businesses on these two islands.



Community Facilities

- **Essential Community facilities programs:** Community Facility Loans and Grants are provided to assist essential community facilities, including hospitals, clinics, rural schools, libraries, day care centers, ambulances, and police and fire stations.
- Funding can be used for energy improvements and generation to the extent of the communities planned usage.



Rural Utilities Service

- Direct Water and Wastewater Loans and Grants
Basic Eligibility:
 - A) Towns, Quasi Municipal Districts, Non Profits, & Federally Recognized Tribes
 - B) Rural Areas with a population \leq 10,000
 - C) Unable to afford commercial credit at reasonable rates and terms
 - D) They must own and operate the system
 - E) Lack own resources to do project
 - F) Have reasonable ability to repay the loan



Funds may not be used for:

1. Loan/Grant finder fees
2. New combined storm and sanitary sewer facilities
3. Facilities normally provided for a business, industrial user, or developer
4. Equipment or purposes not directly related to the facility being funded
5. Energy production facilities would be limited in capacity to planned usage

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Thank-You!



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