



Rural Energy for America Program (REAP)

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Energy Programs
Rural Development
USDA

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Eligible Applicants

Agricultural Producer

















- **Individual or entity that receives 51 percent or more of their gross income from agricultural production**
– crops, livestock, aquaculture, forestry operations, nurseries, dairies

Rural Small Business



- **For-profit small business** - as defined by the Small Business Administration (SBA)
- **Rural area or non-metro community of \leq 50,000**

Improve Profits for Your Rural Small Business, Farm or Ranch with REAP

Energy Efficiency		Renewable Energy	
	Lighting		Solar
	Heating		Wind
	Cooling		Small Hydroelectric
	Ventilation		Anaerobic Digesters
	Fans		Biomass
	Automated Controls		Geothermal
	Insulation		Wave/Ocean Power



Eligible Project Costs

- **Equipment:**
 - Purchase & installation
 - New or refurbished
- **Post-application construction & facility improvements**
- **Retrofitting**
- **Professional service fees**
- **Permits & license fees**
- **Working capital, land acquisition (Guarantee loan ONLY with restrictions)**





Ineligible Project Costs

- **Residential energy projects**
- **Equipment:**
 - Farm tillage equipment
 - Used equipment
 - Vehicles
- **Pre-application construction & facility improvements**
- **Application preparation or grant writer fees**
- **Line of credit**
- **Lease payments**
- **Payment to the applicant/business owner, beneficiary, or relative**

REAP Grant Assistance

Up to 25%
of Eligible Project Costs

 Renewable Energy Systems		 Energy Efficiency Improvements	
Minimum Grant Request	\$2,500 Total eligible project costs \geq \$10,000	Minimum Grant Request	\$1,500 Total eligible project costs \geq \$6,000
Maximum Grant Request	\$500,000 Total eligible project costs \geq \$2 million	Maximum Grant Request	\$250,000 Total eligible project costs \geq \$1 million

REAP Guaranteed Loan Assistance

Up to 75%
of Eligible Project Costs

Minimum Loan Amount	\$5,000 Total eligible project costs \geq \$6,667
Maximum Loan Amount	\$25 million Total eligible project costs \geq \$33.4 million
Details	<ul style="list-style-type: none">• USDA guarantees a commercial loan; applicant must have a willing lender.• Terms are negotiated between the lender and borrower.• Fees, appraisals, equity & collateral requirements apply.

REAP – Guaranteed Loan Terms

✓ LOAN SIZE

- Minimum Loan Amount: \$5,000
- Maximum Loan Amount: \$25,000,000

✓ GUARANTEE

- **85%** for loans \$600,000 or less.
- **80%** for loans over \$600,000 up to \$5 Million
- **70%** for loans over \$5 Million up to \$10 Million
- **60%** for loans over \$10 Million





Rural Business-Cooperative Service
**REAP – Guaranteed
Loan Terms**

✓ **MAXIMUM TERM LIMITS**

- Working Capital – 7 Years
- Machinery & Equipment – 15 Years (*or useful life, which every is less*)
- Real Estate – 30 Years



✓ **OTHER FUNDS REQUIRED**

25% of project costs

✓ **INTEREST RATE**

- Fixed or Variable; variable cannot adjust more than quarterly
- Negotiated between lender and borrower



REAP – Guaranteed Loan Terms

✓ FEES

- One-time guarantee fee of **1%**
- ¼% annual renewal fee



✓ BENEFITS TO LENDER

- **Mitigate Risk**
Guarantee is a “loss” guarantee
- **Increase Capital and Improve Bank Liquidity**
Sale of Loan Note Guarantee on Secondary Market
- **CRA benefits**



REAP – Guaranteed Loan

✓ BENEFITS TO BORROW

Assists in providing stability and growth through energy efficient improvements and renewable energy utilization

- Increases the ability to receive:
 - ✓ Higher Loan Amounts
 - ✓ Competitive Interest Rates
 - ✓ Longer Repayment Terms
 - ✓ Full-term amortized loans



Chicken Farm



Radiant heat, fans, vents & computerized controls



- \$99,293 Total Cost
- \$20,000 REAP Grant



- \$79,293 Commercial Loan

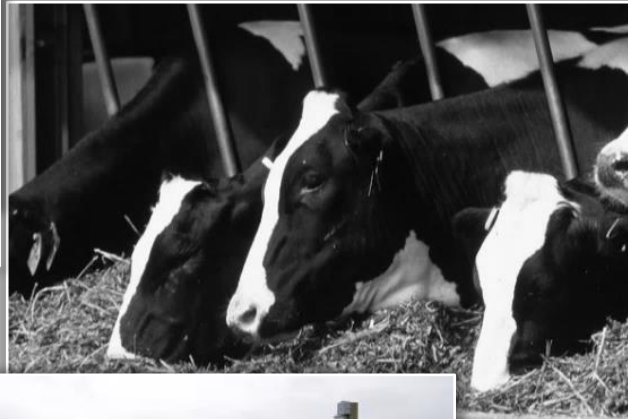


Improved egg production, reduced time and labor, energy savings



Rural Business-Cooperative Service

Renewable Energy



Small Energy Company & Dairy Farmers

1 MW Anaerobic digester

- \$4.15 Million Total Cost
- \$100,000 REAP Grant
- \$2.65 Million REAP Guarantee

Powers an equivalent of 700 homes/year





Rural Business-Cooperative Service



Nursery



Energy efficient glass roof, radiant heat, fans, vents, & computerized controls



- \$287,855 Total Cost
- \$ 71,964 REAP Grant
- \$100,000 REAP Guarantee



- \$115,891 Commercial Loan

40% reduction in energy costs

On Farm Solar

- \$19,984 REAP grant
- 28.5 kW Solar
- \$79,936 Total Project Cost
- Estimated payback of 9 years



Partnerships



Better Together: REAP and EQIP

- NRCS's EQIP and RD's REAP are complementary programs for agriculture producers.
- Energy Audits (conducted by NRCS) can be used as a framework for RD REAP applications to implement on farm Energy Efficiency improvements
- States are allocated REAP grant funding which must be used before end of FY
- Not all states fully utilize REAP Grant funding
- RD and NRCS are collaborating to cross promote our programs and increase utilization.



EQIP On-Farm Energy Initiative

The Environmental Quality Incentives Program (EQIP) On-Farm Energy Initiative helps farmers and ranchers make voluntary improvements that can boost energy efficiency on the farm.

Financial assistance is available to develop an Agricultural Energy Management Plan (AgEMP)/Energy Audit. The plan/audit provides:

- Itemized energy use by individual systems to establish a baseline for electricity and other fuel improvements,
- Recommendations for equipment improvements and upgrades,
- Potential energy reductions and financial savings for each recommendation
- Cost estimates of potential improvements, and
- Length of expected payback for energy efficiency upgrades

Once an AgEMP or other qualifying energy audit has been completed, producers can apply for EQIP assistance for the purchase, installation, or retrofit of certain buildings or equipment to improve energy efficiency.

Examples of items eligible for energy efficiency improvements include:

- Lighting
- Plate coolers
- Ventilation and fans
- Irrigation pumps
- Grain dryers
- Greenhouse improvements
- Maple syrup evaporators
- Heating and refrigeration units
- Insulation and building envelope sealing
- Motor controls and variable speed drive



While EQIP can assist with energy conservation, it creates an opportunity to partner other USDA Programs such as REAP to bring a project to full potential possibly considering energy generation, as well.

- Example could be an EQIP/REAP funding partnership with a dairy energy conservation project coupled with an anaerobic digester system creating power and/or heat.



Duplication of Benefits

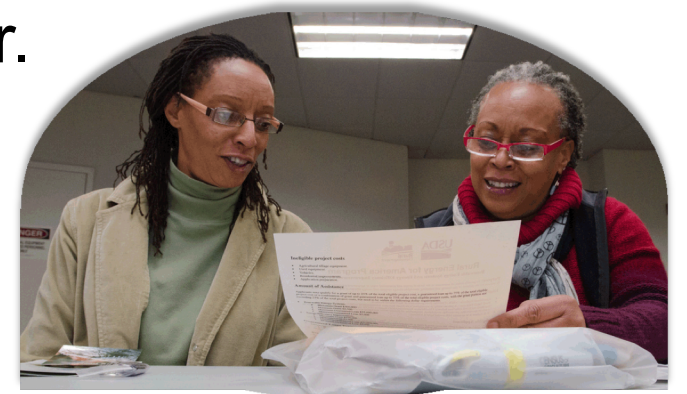
- Duplication can occur intentionally or unintentionally
- The Government is responsible to avoid making duplicate payments
- Programs may not be used to pay a recipient twice for the same project
- Different programs can pay for different parts of a whole project
- We're obligated to review and monitor our programs to avoid paying for the same thing twice

FY 2019 Rural Energy for America Program Application Date

- Renewable Energy Audits and Technical Assistance **Thursday, January 31, 2019**
- REAP Grants - Under \$20,000 (1st Deadline) **Wednesday, October 31, 2018**
- REAP Grants - Under \$20,000 (2nd Deadline) **Monday, April 1, 2019**
- REAP Grants - Unrestricted **Monday, April 1, 2019**
- REAP Guaranteed Loans **Ongoing**

How to Apply

- Contact the USDA Rural Development Energy Coordinator in your state for application materials and resources:
https://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf
- Submit applications any time of year.
- Applications compete for funding based on score throughout the year.



Rural Energy for America Program (REAP)

www.rd.usda.gov/reap

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., S.W., Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).



Rural Business-Cooperative Service
Contact Information

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www.rd.usda.gov/REAP