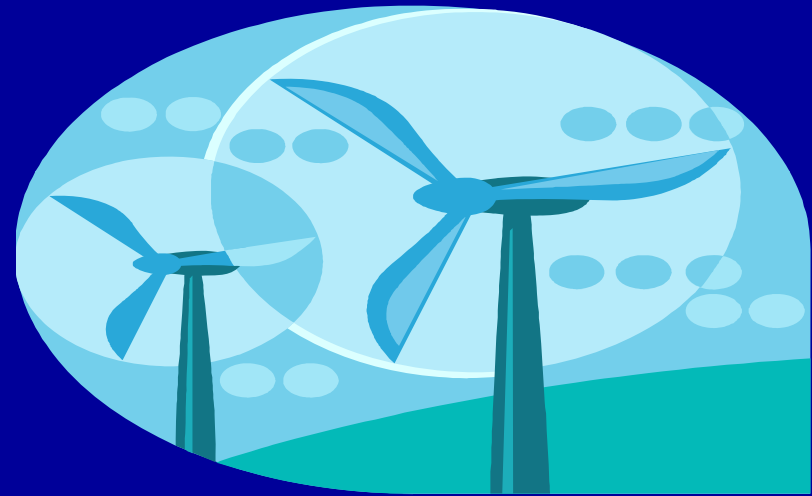
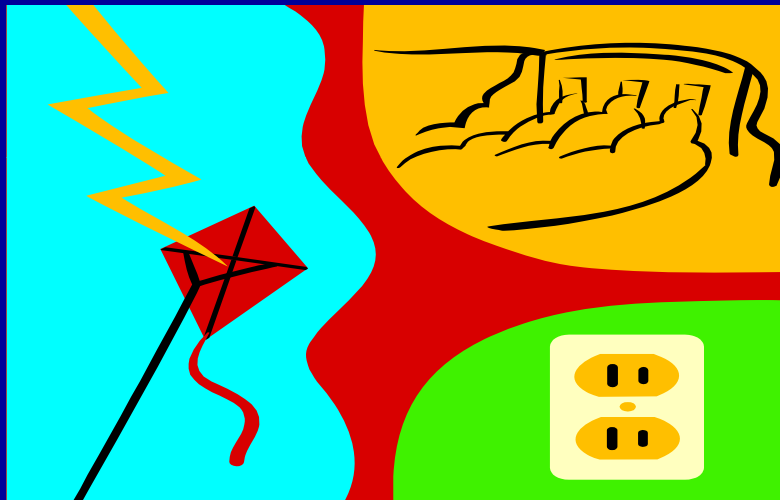


# Section 9007 Rural Energy for America Program (REAP)

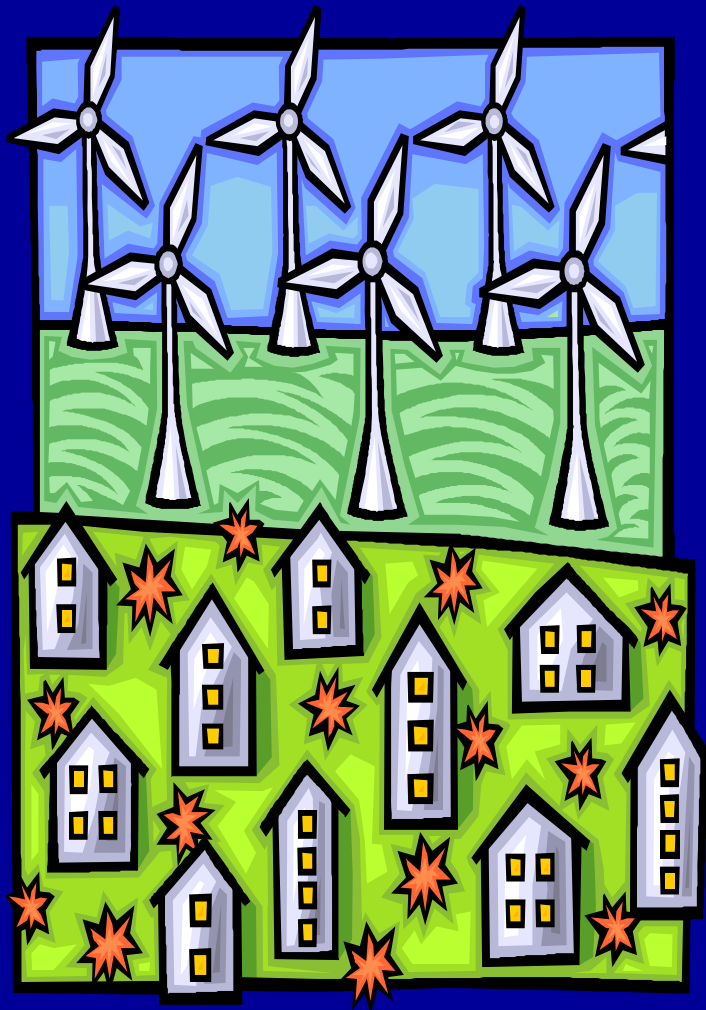


## Grants & Loan Guarantees

for Farmers, Ranchers, and  
Rural Small Businesses

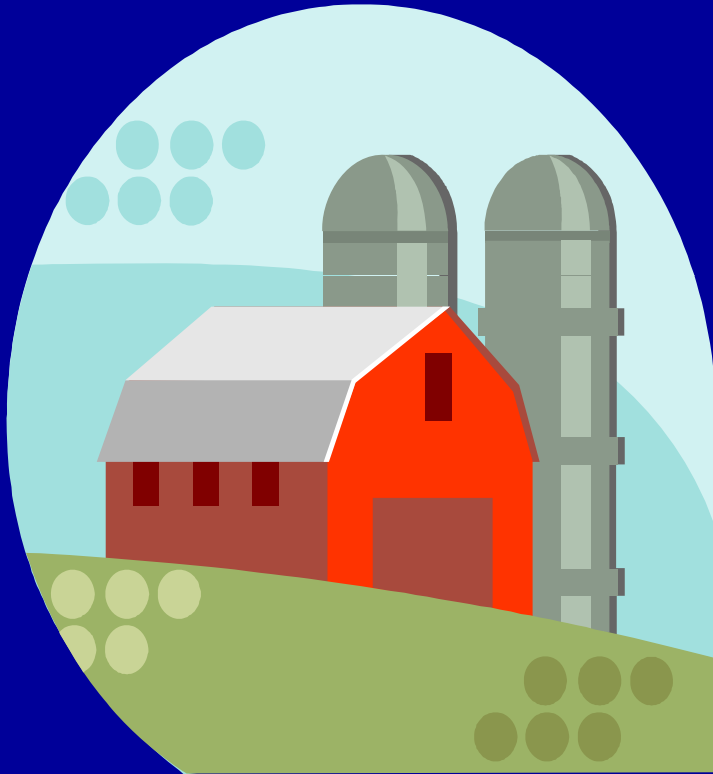


# Purpose



- Purchase renewable energy systems  
*(A process that produces energy)*
- Improvements to a facility or process that **reduces** energy consumption

# What Farmers and Ranchers are Eligible?



- Applicant entity must be **51%** or more owned and operated by US Citizens or Permanent Residents
- Must **directly engage** in production of agricultural products so that 50% or more of gross income comes from their operations
- **Never been debarred** by the Government
- *Certify you **have no known relationship or association** with any agency employee*

# What Small Businesses are Eligible?

- Proposed project in a rural area.  
*Less than 50,000 population*
- Rural Small Businesses including a sole proprietorship, partnership, corporation, LLC, or cooperative
- Applicant entity must be 51% or more owned and operated by US Citizens or Permanent Residents
- *Never been debarred* by the Government
- *Certify you have no known relationship or association with any agency employee*
- Non Profits organizations and public entities are *not eligible*

# What Small Businesses are Eligible? Continued

- Need to meet the definition of a small business according to the U. S. Small Business Administration size standards  
<http://sba.gov/size/index.html>

(use the “NAICS search” option)

***North American Industry Classification System (NAICS)***

# What projects are eligible?

- Renewable Energy projects must *create* energy from a renewable source such as solar, wind, geothermal, anaerobic digestion, hydrogen, tidal or hydroelectric
- Energy Efficiency project will make *improvements* to an existing energy systems *or* will *update* systems such as, electric motors, insulation, lighting, grain dryers, irrigation, refrigeration, heating and cooling, etc.
- Pre-commercial or Commercially Available (no R&D projects and may not involve a residence)
- Technical Merit
- Applicant must own the system or product

	Renewable Energy Projects	Energy Efficiency Improvements Projects
<b>Description</b>	A process that <b>PRODUCES</b> energy from a renewable energy source.	Improvements to a facility or process that <b>REDUCE</b> energy consumption.
<b>Minimum grant</b>	\$ 2,500	\$ 1,500
<b>Maximum grant</b> (no more than <b>25%</b> of total eligible project costs, not to exceed)	\$ 500,000	\$ 250,000



	<b>Renewable Energy Projects</b>	<b>Energy Efficiency Improvements Projects</b>
<b>Energy audit required?</b>	NO	Required for all energy efficiency improvement projects
<b>Feasibility Study required?</b>	For grant requests exceeding \$50,000	NO
<b>Professional Engineer required?</b>	For grant requests exceeding \$50,000	For grant requests exceeding \$50,000
<b>Categories of projects</b> <i>(All projects must be located in a rural area.)</i>	<b>Biomass, Anaerobic Digester, Geothermal, Hydrogen, Hydro, Small and Large Wind, Small and Large Solar</b>	<b>Energy Efficiency Improvements verified by an energy audit or assessment</b>



# What are Eligible Costs?

- **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 & License fees
- Business plans
- Technical reports
- Professional service fees, except for application preparation
- Feasibility studies  
If applicable

# Guaranteed Loans



- Additional eligible costs may include Working Capital and Land Acquisition (guaranteed loans only)
- Guarantee fee is 1% of amount guaranteed
- \$25 million maximum guaranteed loan amount
- Can be no more than 75% of total eligible project costs
- Combination grant and guaranteed loans will also be available

**(Limit of 75% of total eligible costs for Loan & Grant combo's)**

# The Process Begins

- ✓ Fill out all forms required
- ✓ For an Energy Efficiency Improvement project – Need Energy Audit or Assessment
- ✓ Need to meet the Evaluation Criteria Scoring Guideline
- ✓ Need to pass the Technical Review

# Evaluation Criteria Scoring Guideline

(1) Quantity of Energy Replaced, Produced, or Saved	15 points
(2) Environmental Benefits	10 points
(3) Commercial Availability	5 points
(4) Technical Merit	35 points
(5) Readiness (Financial)	15 points
(6) Small Ag Producer/Very Small Rural Business	10 points
(7) Simplified Application	5 points
(8) Not a Previous Grantee or Borrower	5 points
(9) Return on Investment (Payback Period)	10 points
(10) Loan Interest Rate at or below Prime + 1.00% if you are doing a Loan Guarantee or Combo	10 points

# Components of the Technical Report

- |  |           |
|--|-----------|
| 1. Qualifications of the Project Team    | 10 points |
| 2. Agreements and Permits                | 5 points  |
| 3. Energy or Resource Assessment         | 10 points |
| 4. Design and Engineering                | 30 points |
| 5. Project Development Schedule          | 5 points  |
| 6. Project Economic Assessment           | 20 points |
| 7. Equipment Procurement                 | 5 points  |
| 8. Equipment Installation                | 5 points  |
| 9. Operation and Maintenance             | 5 points  |
| 10. Dismantling & Disposal of Components | 5 points  |

# Planning your Energy project

## Who will be on your project team?

### Renewable Energy

- system designer
- equipment supplier
- construction contractor or system installer
- project engineer  
(required for grants > \$50,000)
- project manager
- system operator and maintainer

### Energy Efficiency Improvement

- energy auditor (for ex: REC or utility co)
- equipment supplier
- construction contractor or system installer
- project engineer?  
(required for grants > \$50,000)
- project manager

One individual or entity may serve more than one role

# Where are your \$ coming from?

## ≡ Sources

**RD Grant** – Up to 25% of total eligible costs

**RD Guaranteed Loan** – Up to 75% of total eligible costs

**Combo RD Grant & Guaranteed Loan** –

Limited to 75% from Combo plus 25% from applicant =  
100% total eligible costs

## ≡ Other sources for applicant's funds

**Bank Loans**

**Personal Cash**

**Private Investors, Family and Friends**

# Do you need assistance preparing your application?

Purdue Extension Office

Grant Writer

Financial information (Banker, Accountant)

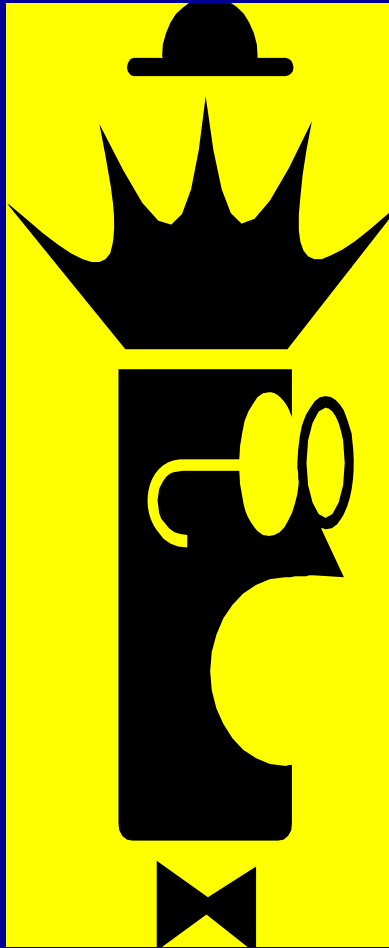
Technical report (Equipment Supplier,  
Project Engineer)

Review the application for completeness  
(USDA, Rural Development)

# After RD receives your application package – what happens?

- Your project is evaluated by Indiana RD to determine its eligibility and feasibility
- Requests involving Loan Guarantees are reviewed for credit worthiness
- If needed, an environmental assessment is completed
- Your project is evaluated for its **Technical Merits**
- Your final project score is forwarded to Washington D.C. to compete for selection

# What are your next steps?



- Read and understand the Notice Of Funds Availability (NOFA) when issued
- The Technical Report
  - Plan your project
  - Consult experts
  - Start making decisions
- If it is an energy efficiency improvement project, get an energy audit or assessment done ASAP
- Provide environmental information to the RD Office ASAP (construction projects only)
- Ask for assistance or hire a grant writer, but start your REAP application