

The 2002 Farm Bill established the RE System and EE Improvement Program to help agricultural producers and rural small businesses reduce energy costs and consumption through the purchase of renewable energy systems and installation of energy efficiency improvements. The 2008 Farm Bill reauthorized the funding renaming it Rural Energy for America Program.

- Includes renewable energy (RE) derived from wind, solar, water, biomass, small hydro, or geothermal sources; or hydrogen derived from biomass or water using wind, solar, or geothermal energy sources.
- Energy efficiency (EE) improvements must conserve energy and require independent energy assessments or audits.

Eligible Areas

Communities of less than 50,000 population and not contiguous to a community of 50,000 or more population. All areas in Vermont are eligible. Some areas in southern NH may not be eligible.

Eligible Applicants

Agricultural Producers directly engaged in the production of agricultural products, where 50% or more of their gross income is derived from the ag operations; and **Rural Small Businesses** that meet the SBA's Small Business Size Standards by NAICS Industry Code including all parent, affiliate, and subsidiaries at other locations.

- Agricultural Producers are eligible
- Sole proprietorships, partnerships, corporations, cooperatives, and qualifying electric utilities (see Other) are eligible
- Municipalities, school districts, and most nonprofit corporations are *not* eligible

Types of Funding Available

Funding availability includes grant, guaranteed loans, and combined grant/guaranteed loan packages. A grant cannot exceed 25% of the cost of the eligible project. A guaranteed loan will be limited to 50% of eligible project costs. A combination grant and guaranteed loan will be limited to 75% of eligible project costs, including any grant amount. Applicant in-kind and other Federal awards cannot be used to meet match requirements. Third-party in-kind contributions will be limited to 10% of the match requirement.

Application Deadlines are yet to be determined and announced in a future Notice of Solicitation for Applications.

Program Specifics

- Separate applications required for RE and EE
- Grant minimum is \$2,500 RE; \$1,500 EE
- RE grant maximum is \$500,000
- EE grant maximum is \$250,000
- Guaranteed loan maximum is \$10 million, with guarantee percentage at 70% – 85%.
- A minimum \$10,000 total project cost is required for loan guarantees.
- Grant amounts may be considered as project equity for combined grant and guaranteed loan packages.
- Business level feasibility study required for RE projects with total eligible project costs over \$200,000
- Energy assessment required for projects under \$50,000 total eligible project costs; with full audit required over \$50,000 total eligible project costs
- Simplified application process for total project costs \$200,000 or less
- Project sites must be in eligible rural location
- Applicants must own the project and control the operation and maintenance of the project.

Eligible Project Costs

- Post-application purchase and installation of RE and EE equipment (new, refurbished or remanufactured), construction or improvements
- Energy feasibility studies, business plans, technical reports
- Energy audits or assessments
- Permit fees, interconnection fees, PPA fees
- Professional service fees, except for application preparation
- EE Retrofitting of a facility or process, with construction of a new facility only when used for the same purpose, is same size, and will provide more energy savings than improving the existing facility
- Capital improvements to an existing RE system (guaranteed loans only)
- Working Capital (guaranteed loans only)
- Land acquisition (guaranteed loans only)

Ineligible Project Costs

- Residential improvements
- Work done before application acceptance
- Storage or distribution of RE fuel only, w/o production of RE fuel
- Waste collection
- Agricultural tillage equipment
- Vehicles
- Used equipment
- Operating, maintaining, routine repairs, or fuel costs for RE projects
- Preparation of the grant application
- Funding of political or lobbying activities

Other

- Small and very small agricultural producers, as well as very small businesses receive priority for grant funding.
- Grantees may perform some work if they demonstrate expertise, subject to conditions. Owners are not eligible for payment for their own work.

