

Today's Topics

- Introduction
- Rural Energy For America Program (REAP) Loan Guarantee and Grant program
- Questions



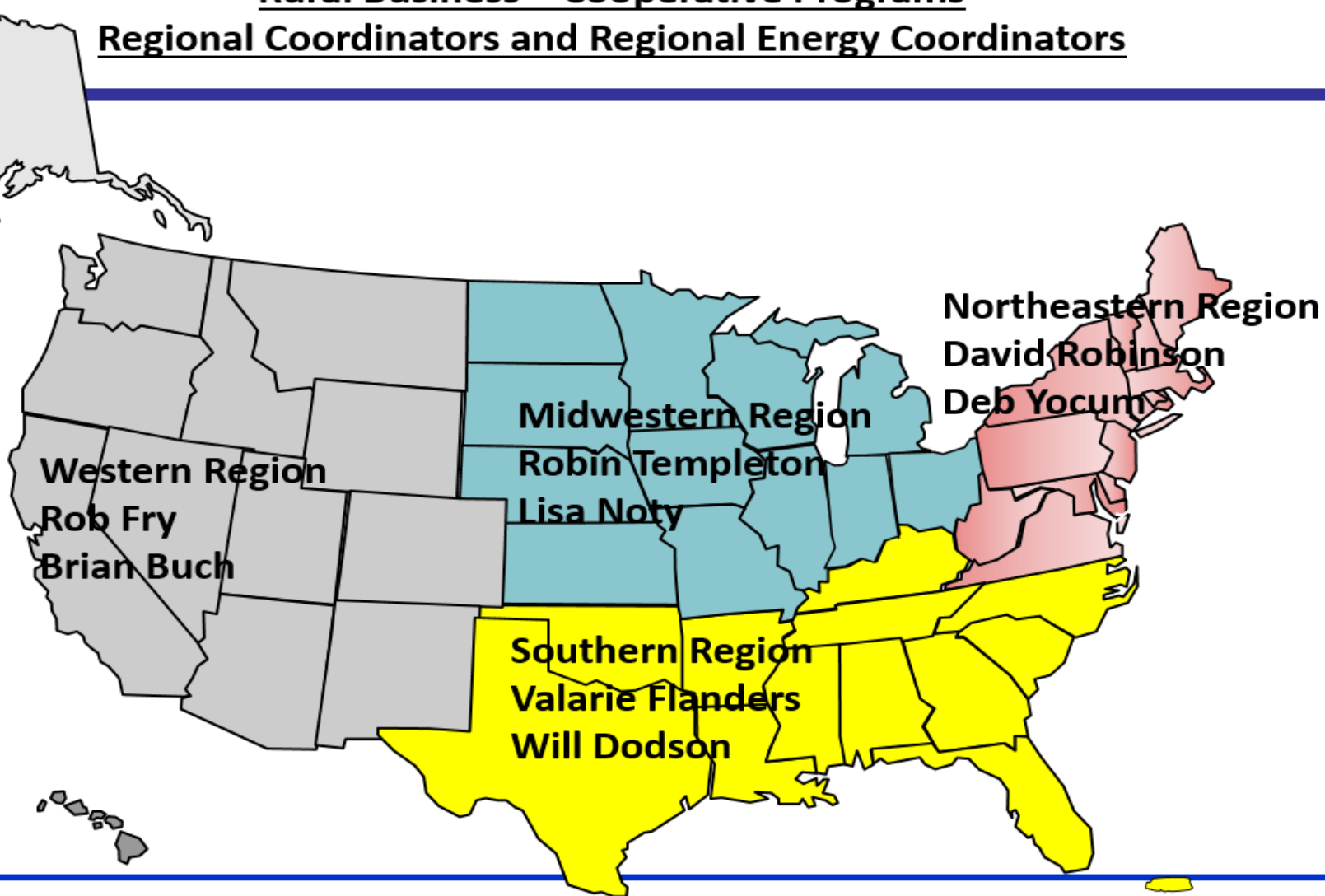
United States Department of Agriculture

Rural Energy for America Program (REAP)

California Energy Coordinator
Steven Scott Nicholls
530-792-5805
Davis, CA



Rural Business – Cooperative Programs Regional Coordinators and Regional Energy Coordinators



Rural Energy For America Program (REAP)

Eligible Applicants:

1. **Agricultural producers**
2. **Rural small businesses**
3. **Cooperatives**
4. **Electric Utilities**
5. **Tribal Entities**

Eligible Projects:

1. **Purchase renewable energy systems**
2. **Make energy efficiency improvements**



Renewable Energy Systems

Wind turbines

Solar panels

Renewable Biomass

Biofuels

Pellets

Biomass boilers

Anaerobic Digestion

Geothermal

Hydroelectric

Hydrogen



Energy Efficiency Improvements

Some examples:

- Lighting
- Heating
- Cooling
- Ventilation
- Fans
- Automated Controls
- Insulation
- Equipment Replacement



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 |

✓ LOAN SIZE

- Minimum Loan Amount: \$5,000
- Maximum Loan Amount: \$25,000,000
(Up to 75% of project cost)

✓ 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



✓ MAXIMUM TERM LIMITS

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



✓ OTHER FUNDS REQUIRED

- 25% of project costs

✓ INTEREST RATE

- Fixed or Variable; if variable can be adjusted quarterly
- Negotiated between lender and borrower



✓ FEES

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



COLLATERAL

- ✓ Must be sufficient collateral
- ✓ Appraised Collateral discounted consistent with typical discount factors.
- ✓ Typical Discount Factors:
 - ✓ Real Estate – 80%
 - ✓ M&E – 70 to 75%
 - ✓ Inventory & A/R – 60%



Total Project Awards Per Technology Since Beginning of REAP

| TECHNOLOGY | PROJECTS |
|--------------------------|---------------|
| WIND | 598 |
| SOLAR | 1,910 |
| HYDROELECTRIC/HYDROPOWER | 29 |
| HYBRID | 37 |
| GEOHERMAL | 283 |
| FLEXIBLE FUEL PUMP | 98 |
| FEASIBILITY STUDY | 198 |
| ENERGY EFFICIENCY | 6,480 |
| EA/REDA | 85 |
| BIOMASS | 471 |
| TOTAL | 10,187 |



United States Department of Agriculture

Rural Energy for America Program (REAP)

Outreach Plan & Strategies Guaranteed Loan Focus



National Office Outreach Plan

- Publicizing REAP Nationally

Notices posted on webpages, social media, stakeholder webinars, USDA Leadership interviews, targeting National associations/organizations, conference attendance

National Office Outreach Plan

- Publicizing REAP Nationally

Publication of marketing materials:

- Toolkits
- Fact Sheets (B&I/REAP Comparison)
- Brochures
- Talking Points

National Office Outreach Plan

- Increase Guaranteed Loan Activity

Engage with National Organizations:
National Bankers Association, US Treasury,
Community Bankers Association, CDFI

Partner with FSA, SBA, RBS

REAP Guarantee Loan

- Applications accepted year round
- Compete on a monthly basis
- State loan approval follows B&I authority
- Funds held Nationally
 - Request from national office







United States Department of Agriculture

Rural Energy for America Program (REAP)



REAP/B&I Comparison & Opportunity

B&I/REAP Differences/Opportunities

✓ Eligible Loan Purposes

- REAP is more specific on what funds can be used for (install a renewable energy system or make energy efficiency improvements) but there are some things to highlight:
 - Funds can purchase building/equipment for existing renewable energy system, i.e. existing systems.
 - Funds can be used for working capital & land acquisitions (limited to 5% of aggregate project costs)

✓ Eligible Borrowers

- Rural Small Business
 - Same rural requirement
 - Small Business has to meet SBA size standard of small
 - Can't do Non-Profits like B&I
- Agricultural Producers
 - No rural requirement
 - Not a focus for B&I unless involved in a vertically integrated operation

B&I/REAP Differences/Opportunities

✓ Guarantee Percentage

- REAP allows for an 85% Guarantee on loans \$600,000 or less

✓ Equity

- B&I has tangible balance sheet equity requirement
 - 10% of existing business
 - 20% for start up
 - 25-40% for energy projects
- REAP requires that 25% project costs are other funds and could include:
 - Equity injections
 - Other borrowed funds (including a B&I loan)

✓ Fees

- 1% (REAP) vs. 3% Guarantee Fee
- 0.25% (REAP) vs. 0.50% Annual Renewal Fee



United States Department of Agriculture

Rural Energy for America Program (REAP)



The End Questions?