Today’s Topics

- Introduction

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

- Questions
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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

<table>
<thead>
<tr>
<th>Renewable Energy Systems</th>
<th>Energy Efficiency Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Grant Request</td>
<td>Minimum Grant Request</td>
</tr>
<tr>
<td>$2,500</td>
<td>$1,500</td>
</tr>
<tr>
<td>Total eligible project costs</td>
<td>Total eligible project costs</td>
</tr>
<tr>
<td>&gt; $10,000</td>
<td>&gt; $6,000</td>
</tr>
<tr>
<td>Maximum Grant Request</td>
<td>Maximum Grant Request</td>
</tr>
<tr>
<td>$500,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Total eligible project costs</td>
<td>Total eligible project costs</td>
</tr>
<tr>
<td>&gt; $2 million</td>
<td>&gt; $1 million</td>
</tr>
</tbody>
</table>
✓ **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

<table>
<thead>
<tr>
<th>TECHNOLOGY</th>
<th>PROJECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>WIND</td>
<td>598</td>
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<tr>
<td>SOLAR</td>
<td>1,910</td>
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<tr>
<td>HYDROELECTRIC/HYDROPOWER</td>
<td>29</td>
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<tr>
<td>HYBRID</td>
<td>37</td>
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<tr>
<td>GEOTHERMAL</td>
<td>283</td>
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<tr>
<td>FLEXIBLE FUEL PUMP</td>
<td>98</td>
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<tr>
<td>FEASIBILITY STUDY</td>
<td>198</td>
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<tr>
<td>ENERGY EFFICIENCY</td>
<td>6,480</td>
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<tr>
<td>EA/REDA</td>
<td>85</td>
</tr>
<tr>
<td>BIOMASS</td>
<td>471</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10,187</strong></td>
</tr>
</tbody>
</table>
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


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
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
The End Questions?