



USDA Rural Development RUS & RBCS Inflation Reduction Act Programs



Rural Development
U.S. DEPARTMENT OF AGRICULTURE

Rural Energy for America Program (REAP) Background

Farm Bill authorizes
Rural Development's
First Energy
Program, Section
9006

2002

2008

Farm Bill energy program was reauthorized
and titled: **Rural Energy for America
Program (REAP)**, Section 9007

2008 Farm Bill also created new energy
programs

- Biorefinery Assistance
- Repowering Assistance
- Bioenergy Program for Advanced Biofuels

Farm Bill
reauthorized
the energy
programs

2014

2018

Farm Bill reauthorized 3 of
the 4, letting the
Repowering Assistance
program expire

Added Energy Efficiency
Equipment and Systems
loan guarantees to REAP

REAP Financial Assistance Types

Grants

Loan Guarantees

Combination Grant/Loan Guarantees



REAP Project Types

Renewable Energy Systems (RES)

Energy Efficiency Improvements (EEI)

Energy Efficiency Equipment and Systems (EEE)
for Agricultural Production or Processing
(Loan Guarantee Only)



Who is eligible for REAP grants and
loan guarantees?

Agricultural Producers

A person or entity, including non-profit entities, directly engaged in the production of agricultural products whereby 50 percent or greater of their gross income is derived from the operations.



Rural Small Businesses

- A private for-profit entity, including a sole proprietorship, partnership, or corporation
- An electric utility (including a Tribal or governmental electric utility)
- A Tribal corporation or other Tribal business entities that are chartered under Section 17 of the Indian Reorganization Act

Must be located in a rural area and meet Small Business Administration (SBA) size standard thresholds.



Energy Efficiency Improvement Eligible Projects (Examples)



Lighting



Heating



Cooling



Ventilation



Fans



Automated Controls



Insulation



Renewable Energy Systems Eligible Projects



Solar



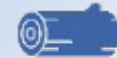
Wind



Small Hydroelectric



Anaerobic Digesters



Biomass



Geothermal



Wave/Ocean Power



Hydrogen

Use of Funds

✓ Eligible Project Costs



- **Equipment:**
 - Purchase & installation
 - New or refurbished
 - May include storage or micro grid
- **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**
- **Dispensing energy at retail**

Funding Requirements for REAP Grants

Up to 40%*
of Eligible Project Costs

 Renewable Energy Systems		 Energy Efficiency Improvements	
Minimum Grant Request	\$2,500 Total eligible project costs \geq \$6,250	Minimum Grant Request	\$1,500 Total eligible project costs \geq \$3,750
Maximum Grant Request	\$1,000,000 Total eligible project costs \geq \$2.5 million	Maximum Grant Request	\$500,000 Total eligible project costs \geq \$1.25 million

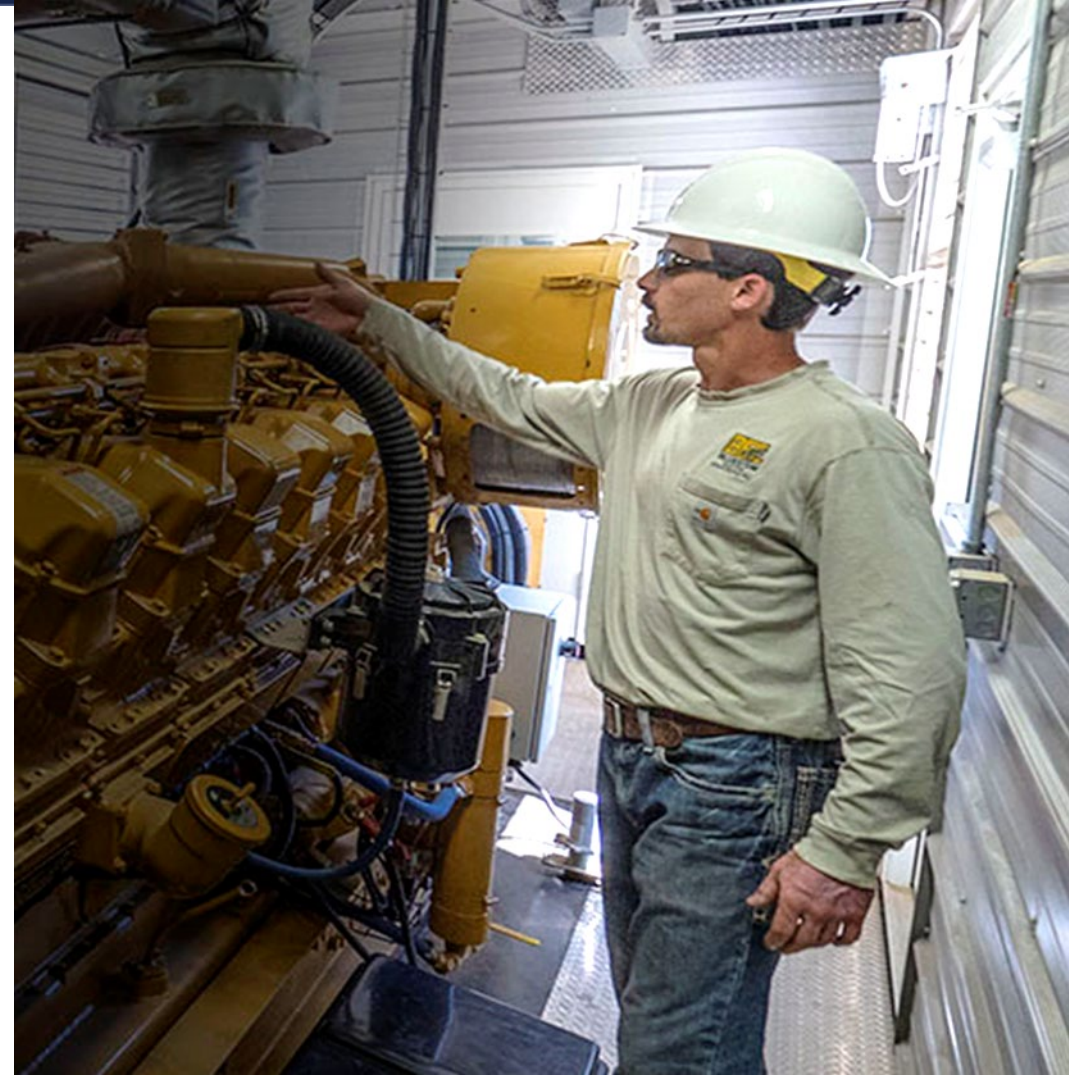
*maximum financing for loan/grant combo is 75% of eligible project cost

Funding Requirements for REAP Guaranteed Loans

Guaranteed Loan Amount

Minimum Request	\$5,000 Total eligible project costs \geq \$6,667
Maximum Request	\$25,000,000 Total eligible project costs \geq \$33.4 million

Maximum financing is 75% of eligible project cost



Renewable Energy System (RES) Solar Array



Veterinary Hospital

Rooftop solar panels

- \$148,050 Total Project Cost
- \$20,000 REAP Grant
- \$128,050 Applicant Contribution



30-40% reduction in operating expenses

Renewable Energy System (RES)

Solar Array



Electric Cooperative

Community solar project

- \$784,792 Total Project Cost
- \$20,000 REAP Grant
- \$764,791 Applicant Contribution



Production of 443 mWh
annually

Renewable Energy System (RES)

Hydropower



Rural Auto Repair Shop

11 kW micro-hydropower turbine

- \$78,511 Total Project Cost
- \$19,695 REAP Grant
- \$58,816 Applicant Contribution



51% reduction in energy costs

Renewable Energy System (RES) Geothermal



Grocery Store

Geothermal heat, energy
efficient coolers & lighting

- \$198,600 Total Project Cost
- \$49,650 REAP Grant
- \$148,950 Commercial Loan



40% reduction in energy costs

Energy Efficiency Improvement (EEI) Equipment Upgrade



Laundromat & Dry Cleaners

Washer & Dryer Replacement

- \$42,040 Total Project Cost
- \$10,510 REAP Grant
- \$31,531 Dealer Financing



52% energy savings, improved customer experience

Energy Efficiency Improvement (EEI)

Lighting & Cooling



Rural Assembly Manufacturer

Lighting replacement

- \$78,511 Total Project Cost
- \$19,695 REAP Grant
- \$58,816 Applicant Funds



50% reduction in electric bill



Grocery Store

Cooler door replacement

- \$41,363 Total Project Cost
- \$8,827 REAP Grant
- \$2,950 Electric Co-op Rebate



Savings of \$500 per month

Energy Efficiency Improvement (EEI) Heating & Cooling



Flower & Gift Shop

HVAC and insulation upgrades

- \$34,509 Total Project Cost
- \$8,627 REAP Grant
- \$17,200 REAP Guarantee
- \$8,682 Applicant Contribution



60% energy savings, retained
store front on community's Main
Street

Energy Efficiency Improvement (EEI) Equipment Upgrade



Local Farm

Installation of sap pre-heating & evaporation system

- \$14,096 Total Project Cost
- \$3,185 REAP Grant
- \$10,911 Applicant Contribution



40% energy savings, increased production

REAP Application Deadlines

Oct 31st	Grant Request \$20,000 or less
Jan 31st	EA/REDA Grant applications
March 31st	<ul style="list-style-type: none">• Grant Request > \$20,000• Grant Request \$20,000 or less
Continuous Cycle	<ul style="list-style-type: none">• Guaranteed Loans - funded monthly• Accept Grant & Guaranteed applications anytime

Energy Audit & Renewable Energy Development Assistance Grants (EA/REDA)

Assist rural small businesses and agricultural producers by conducting and promoting energy audits and providing Renewable Energy Development Assistance (REDA)

Purpose



The maximum grant amount in a fiscal year is \$100,000

Grant Amount



- State/local governments
- Federally-recognized tribes
- Institutions of higher education
- Rural electric cooperatives

Borrower Eligibility



- Energy audits
- Renewable energy technical assistance

Eligible Projects



How to Apply: Resources

Contact the USDA Rural Development State Energy Coordinators with questions

Application packages can be found under the 'To Apply' tab on the REAP program website

Applications may be mailed or emailed to Rural Development staff or submitted through Grants.gov



Contact Information

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Inflation Reduction Act (IRA)

RUS Two Provisions/Programs:

1. Section 22001 –
Affordable Clean Energy (ACE)
2. Section 22004 –
Empowering Rural America
(New ERA)

Electric Programs, Rural Utilities Service
USDA Rural Development





A New Deal Agency With a 21st Century Mission

- 1933 Tennessee Valley Authority Act
- 1935 Rural Electrification Administration Created by Executive Order
- 1936 Rural Electrification Act
- 1949 Telephone Amendments
- 1993 REA + FmHA become RUS
- 2002 Broadband Amendments

2022 The Inflation Reduction Act



Stakeholder Engagement

Completed to date:

- ✓ Listening sessions (Nov 3, Nov 4)
- ✓ Tribal Consultation (Dec 15)
- ✓ 13 RUS Roundtables (Jan 17-26) - 1,355 attendees



Affordable Clean Energy (ACE) Program Forgivable Loans for Clean Energy Projects

ACE – ADDITIONAL FUNDING FOR ELECTRIC LOANS FOR RENEWABLE ENERGY. (partially forgivable 317 Loans)

- Amount -- \$1 Billion
- Purpose -- for cost of loans under Sec 317 (which finances wind, solar, hydropower, biomass, or geothermal sources) including projects that store electricity in support of 317 technologies.
- Eligibility – Renewable generation for resale to rural *and* nonrural residents.
- Forgiveness – Up to 50% of the loan may be forgiven.
- Loan Interest Rate – Municipal Rate.
- Waiver – Secretary shall establish criteria for going above 50% forgiveness

Municipal Interest Rates

For the 1st Quarter of 2023

Interest Rate Term Ends in (year)	RUS Rate (0.000 percent)
2024	2.750
2025	2.750
2026	2.875
2027	2.875
2028	2.875
2029	3.000
2030	3.000
2031	3.000
2032	3.000
2033	3.125
2034	3.125

Interest Rate Term Ends in (year)	RUS Rate (0.000 percent)
2035	3.250
2036	3.375
2037	3.500
2038	3.625
2039	3.625
2040	3.625
2041	3.625
2042	3.625
2043	3.625
2044 or later	3.625

Empowering Rural America (New ERA) Program Funding

\$9.7 billion dollars in Budget Authority for the long-term resiliency, reliability, and affordability of rural electric **systems** to achieve the **greatest reduction** in CO2, methane and nitrous oxide emissions.

Eligibility – Electric Cooperatives that are or have been RUS borrowers or electric cooperatives serving a predominantly rural area or a wholly or jointly owned subsidiaries of such cooperatives.

Activities Supported (per the statute)

- the purchase of renewable energy,
- renewable energy systems,
- zero-emission systems,
- carbon capture and storage systems to deploy such systems, or
- energy efficiency improvements to generation & transmission systems of eligible entities.

Permitted Use of Funds (per the statute)

- loans and modifications of loans,
- the cost of loans and modifications,
- grants, or
- other financial assistance.

Limitations (per the statute)

- no entity may receive more than 10 percent of the total amount of the budget authority
- grants not to exceed 25% of total project costs

Coop, Developer and Consumer Tax Credits

- The IRA includes a host of clean energy tax incentives for developers, consumer-based energy efficiency, EV purchases, charging stations and CCUS.
- The IRA provides for “direct pay” tax incentives for coops and other. Direct Pay could cover 30-50 percent of project costs. We expect this to be stackable with RUS support.

Timeline

- IRA includes time limitations on the disbursement of IRA funds:
 - (5) DISBURSEMENTS.—The Secretary shall not enter into, pursuant to this subsection—
 - (A) any loan agreement that may result in a disbursement after September 30, 2031; or
 - (B) any grant agreement that may result in any outlay after September 30, 2031
- Projects will need to be completed with all funds advanced by the last day of FY 2031.
- Speed, simplicity and familiarity are keys to crafting a successful program.
- Hope to release a Notice of Funding Opportunity (NOFO) in the first half of 2023 and begin obligating in FY 2023. We need potential applicants to start thinking about potential applications now.

Bottom Line

It is not too soon to be planning your strategy for applying to these exciting programs.

A Notice of Funding Opportunity will be published mid-year. We are available to answer to your questions now and when we publish our notices.

Wrap up/ Key Resources

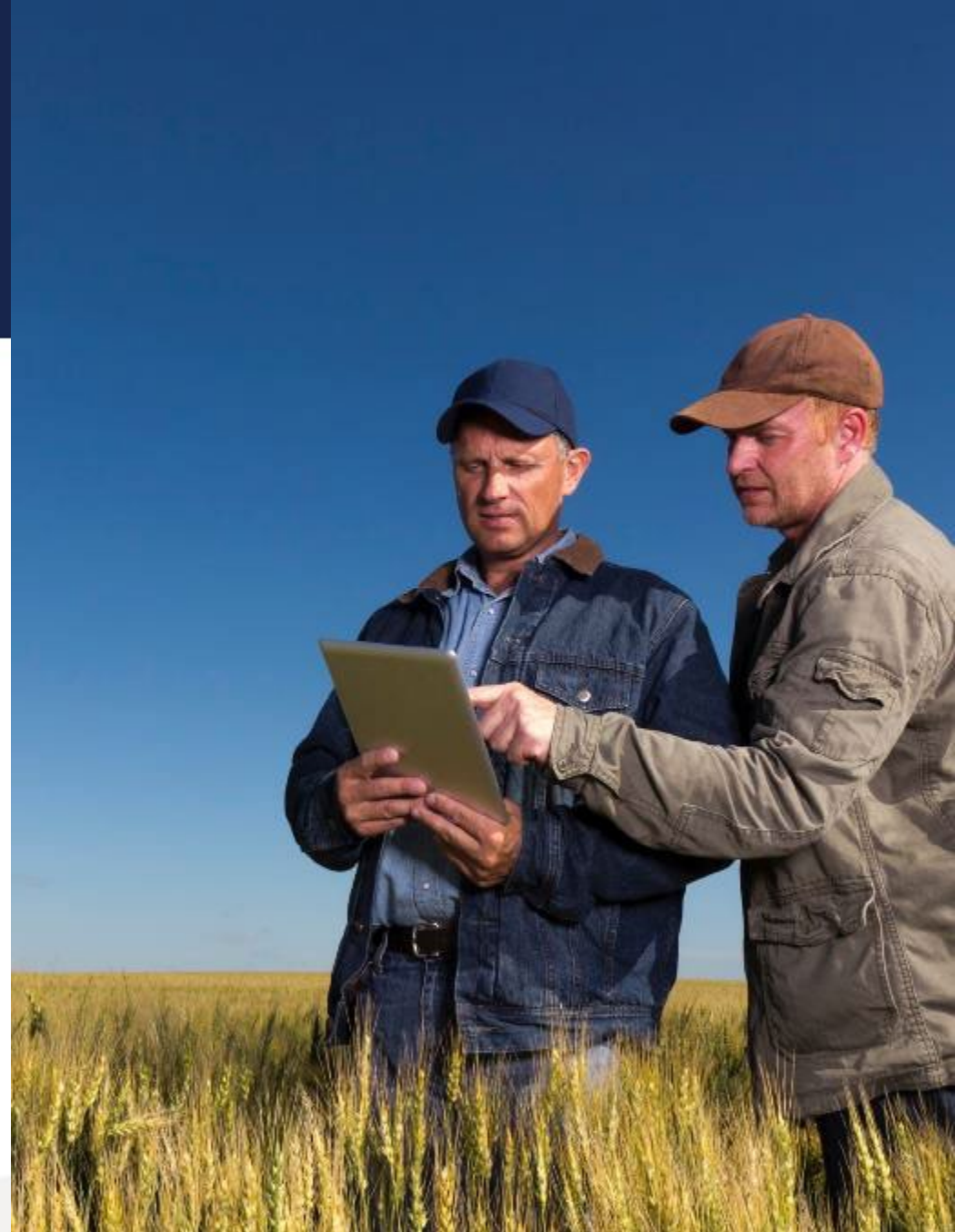
- USDA Rural Development IRA Web Page:
<https://www.rd.usda.gov/inflation-reduction-act>
- Sign Up for Updates:
https://public.govdelivery.com/accounts/USDARD/subscriber/new?topic_id=USDARD_1475
- Sam.gov: <https://sam.gov/content/home>
- USDA Rural Utilities Service Electric program Web Page:
<https://www.rd.usda.gov/programs-services/electric-programs>

Contact

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RUS Electric Programs GFR Link:
<https://www.rd.usda.gov/contact-us/electric-gfr>





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