

# Rural Energy for America Program (REAP)

## Renewable Energy Systems and Energy Efficiency Improvements Assistance

**Purpose:** To provide financial assistance in the form of grants and guaranteed loans to agricultural producers and rural small businesses for purchasing and installing renewable energy systems and making energy efficiency improvements.

### Eligible Applicants

- Agricultural Producer – Individual or entity directly engaged in agricultural production whereby 50% or greater of its gross income is derived from agricultural production.
- Rural Small Business – An entity or utility that meets the Small Business Administration’s (SBA) Small Business Size Standards by the North American Industry Classification System (NAICS) found in 13 Code of Federal Regulations (CFR) Part 121. A private entity may consist of a sole proprietorship, partnership, corporation, cooperative, or electric utility (including governmental utility).

### Eligible Projects

- The Rural Small Business project must be located in an eligible rural area, which is any area other than a city or town of greater than 50,000 inhabitants and its contiguous urbanized area, based on the latest decennial census. This restriction does not apply to agricultural producers if the proposed renewable energy system or energy efficiency improvement will benefit an agricultural production facility.
- Renewable energy systems that provide energy from the following list of renewable resources or hydrogen derived from these renewable resources:
  - \* Wind
  - \* Solar
  - \* Renewable biomass (including anaerobic digester)
  - \* Small hydro-electric
  - \* Ocean
  - \* Geothermal
- Energy efficiency improvements to a facility or building
- Technology must be commercially available
- Projects must be technically feasible and have technical merit

## Eligible Project Costs

- Post-application purchase and installation of new or refurbished renewable energy system
- Energy efficiency improvements identified in the Energy Assessment or Energy Audit
- Post-application construction, retrofitting, replacement and improvements
- Professional service fees for qualified consultants, contractors, installers, and/or third-party services related to the project
- Replacement of an existing facility if an energy audit shows it would be more energy efficient than improving the existing facility.
- Applicable to guaranteed loans only and subject to limitations:
  - \* Land acquisition
  - \* Working capital
  - \* Energy audit and assessments (except those audits funded by a Federal grant)
  - \* Debt refinancing under guaranteed loans

## Ineligible Project Costs

- Agricultural tillage equipment
- Used equipment
- Vehicles
- Residential improvements
- Application preparation
- Lease payments
- Guarantee of other Federal loans
- Subordinated owner debt
- Guarantee of tax exempt obligations

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## Amount of Assistance

Applicants may qualify for a grant of up to 25 percent of eligible project costs, a guaranteed loan up to 75 percent of eligible project costs, or a combination of grant and guaranteed loan up to 75 percent of eligible project costs., The grant portion of a combined application cannot exceed 25 percent of the eligible project costs, limited to the grant maximums.

- Renewable Energy Systems:
  - \* Maximum Grant \$500,000
  - \* Minimum Grant \$2,500
  - \* Maximum Guaranteed Loan \$25 million
  - \* Minimum Guaranteed Loan \$5,000
- Energy Efficiency Improvements:
  - \* Maximum Grant \$250,000
  - \* Minimum Grant \$1,500
  - \* Maximum Guaranteed Loan \$25 million
  - \* Minimum Guaranteed Loan \$5,000

## Guaranteed Loan Terms

- Interest rate and terms negotiated between lender and borrower (must be within USDA maximum allowed terms):
  - \* Real estate – 30 years
  - \* Equipment – 15 years or useful life, whichever is less
  - \* Combined real estate and equipment – 30 years
  - \* Working capital – 7 years
- Maximum percentage of guarantee on loans:
  - \* \$600,000 or less – 85 percent
  - \* Greater than \$600,000 but equal to or less than \$5 million – 80 percent
  - \* Greater than \$5 million but equal to or less than \$10 million – 70 percent
  - \* Greater than \$10 million – 60 percent

## Reporting Requirements

- Renewable Energy Systems – Three (3) years after completion of construction and installation
- Energy Efficiency Improvements – Two (2) years after completion of construction and installation