



Rural Energy for America Program

REAP

*Renewable Energy
Systems (RES) &
Energy Efficiency
Improvements (EEI)*

February 18, 2015



Eligible Applicants

Agricultural Producer



- **Individual or entity that receives 51 percent or more of their gross income from agricultural production** – crops, livestock, aquaculture, forestry operations, nurseries, dairies

Rural Small Business



- **For-profit small business** - as defined by the Small Business Administration (SBA)
- **Rural area or non-metro community of $\leq 50,000$**

Improve Profits for Your Rural Small Business, Farm or Ranch with REAP

Energy Efficiency		Renewable Energy	
	Lighting		Solar
	Heating		Wind
	Cooling		Small Hydroelectric
	Ventilation		Anaerobic Digesters
	Fans		Biomass
	Automated Controls		Geothermal
	Insulation		Wave/Ocean Power

The technology must be commercially available. Research and development projects do not qualify.



Eligible Project Costs

- **Equipment:**
 - Purchase & installation
 - New or refurbished
- **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**
- **Payment to the applicant/business owner, beneficiary, or relative**

REAP Funding vs. Application Cycles FY2015

Two Competitions: Set Aside & Unrestricted Funds

<p>FY2105 Funds April 30, 2015</p>	<ul style="list-style-type: none"> ➤ Grant Request \$20,000 or less (set aside funds) ➤ Grant Request > \$20,000 ➤ Combination Grant/Loan Request
<p>FY2015 Funds June 30, 2015</p>	<ul style="list-style-type: none"> ➤ Grant Request \$20,000 or less (unrestricted funds) ➤ Grant Request > \$20,000 ➤ Combination Grant/Loan Request
<p>Continuous Year Round Application Cycle</p>	<ul style="list-style-type: none"> ➤ Grants ➤ Guaranteed Loans <ul style="list-style-type: none"> *Loan must score a minimum of 50 to compete monthly *First monthly competition held once 8 applications on file



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Grants



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

Chicken Farm



Radiant heat, fans,
vents & computerized
controls



- \$99,293 Total Cost
- \$20,000 REAP Grant
- \$79,293 Commercial Loan



Improved egg
production, reduced
time and labor, energy
savings

Energy Efficiency Improvement



Laundromat & Dry Cleaner



Energy efficient equipment

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

52% energy savings



Energy Efficiency Improvement



Energy Efficiency Improvement



Rural Manufacturer



Efficient lighting system

- \$78,511 Total Cost
 - \$19,695 REAP Grant
 - \$58,816 Applicant Funds
- 50% savings on lighting bill



Grocery Store



Energy efficient cooler doors

- \$41,363 Total Cost
 - \$8,827 REAP Grant
 - \$2,950 Electric Co-op Rebate
- \$500 per month savings

Veterinary Hospital

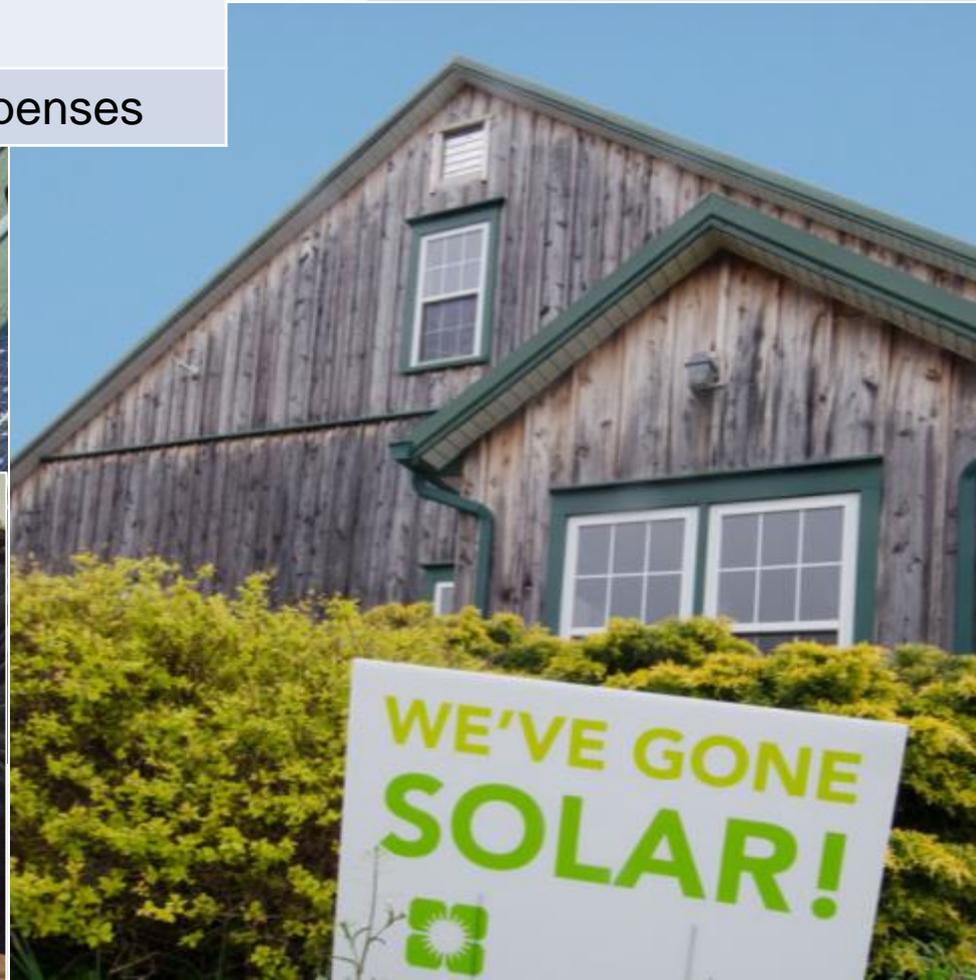


Rooftop solar panels

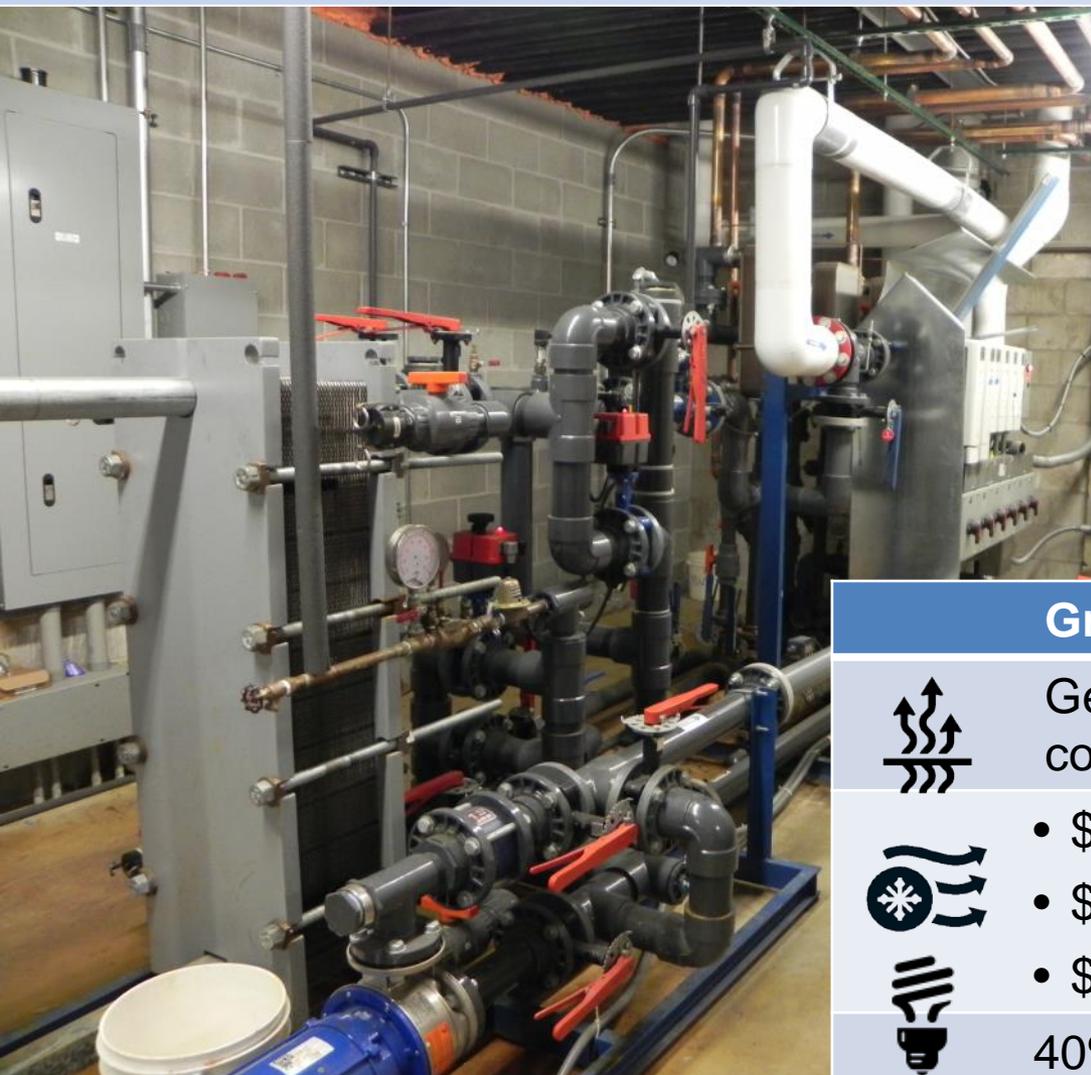
- \$148,050 Total Cost
- \$ 20,000 REAP Grant
- \$128,050 Applicant Funds

30-40% reduction in operating expenses

Renewable Energy System



Renewable Energy System



Grocery Store



Geothermal heat, energy efficient coolers & lighting



- \$198,600 Total Cost
- \$49,650 REAP Grant



- \$148,950 Commercial Loan
- 40% reduction in energy costs

Renewable Energy System



Rural Auto Repair Shop



11 kW micro-hydropower turbine

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

51% reduction in energy costs



Rural Energy for America Program

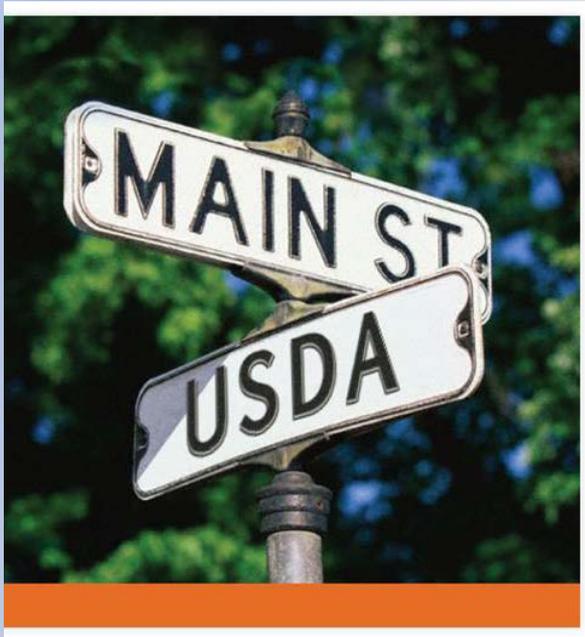
REAP

***Renewable Energy Systems
(RES) & Energy Efficiency
Improvements (EEI)***

***Guaranteed
Loans***



Rural Development's Guaranteed Loan Programs



Backing the Business of Rural America

REAP Guaranteed Loan Assistance

Up to 75%
of Eligible Project Costs

Minimum Loan Amount	\$5,000 Total eligible project costs \geq \$6,667
Maximum Loan Amount	\$25 million Total eligible project costs \geq \$33.4 million
Details	<ul style="list-style-type: none">• USDA guarantees a commercial loan; applicant must have a willing lender.• Terms are negotiated between the lender and borrower.• Fees, appraisals, equity & collateral requirements apply.

Rural Energy For America Program (REAP)

REAP established a loan guarantee program (**up to 75% of project**) to assist: **agricultural producers and rural small businesses**) to:

- purchase renewable energy systems
- 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

Lighting
Heating
Cooling
Ventilation
Fans
Insulation
Automated Controls



✓ LOAN SIZE

- Minimum Loan Amount: \$5,000
- Maximum Loan Amount: \$25,000,000

✓ 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 (cash equity)

✓ 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

WHAT CAN IT DO FOR THE BANK

- ✓ Mitigate Risk
 - Guarantee is a “loss” guarantee
- ✓ Increase Capital and Improve Bank Liquidity
 - Sale of Loan Note Guarantee on Secondary Market
- ✓ Increase Bank Returns
 - Receive servicing fee from Secondary holder



WHAT IT CAN DO FOR BORROWERS

Assists in providing stability and growth through energy efficient improvements and renewable energy utilization.



- Provides the ability to receive:
- ✓ Higher Loan Amounts
 - ✓ Competitive Interest Rates
 - ✓ Longer Repayment Terms

Energy Efficiency Improvement



Flower & Gift Shop



Energy efficient heating & cooling, insulation



- \$34,509 Total Cost
- \$8,627 REAP Grant



- \$17,200 REAP Guarantee
- \$8,682 Applicant Funds

60% reduction in energy costs

Energy Efficiency Improvement



Nursery



Energy efficient glass roof, radiant heat, fans, vents, & computerized controls

- 
- \$287,855 Total Cost
 - \$ 71,964 REAP Grant
 - \$100,000 REAP Guarantee
 - \$115,891 Commercial Loan
- 

40% reduction in energy costs



Renewable Energy System



Small Energy Company & Dairy Farmers



1 MW Anaerobic digester

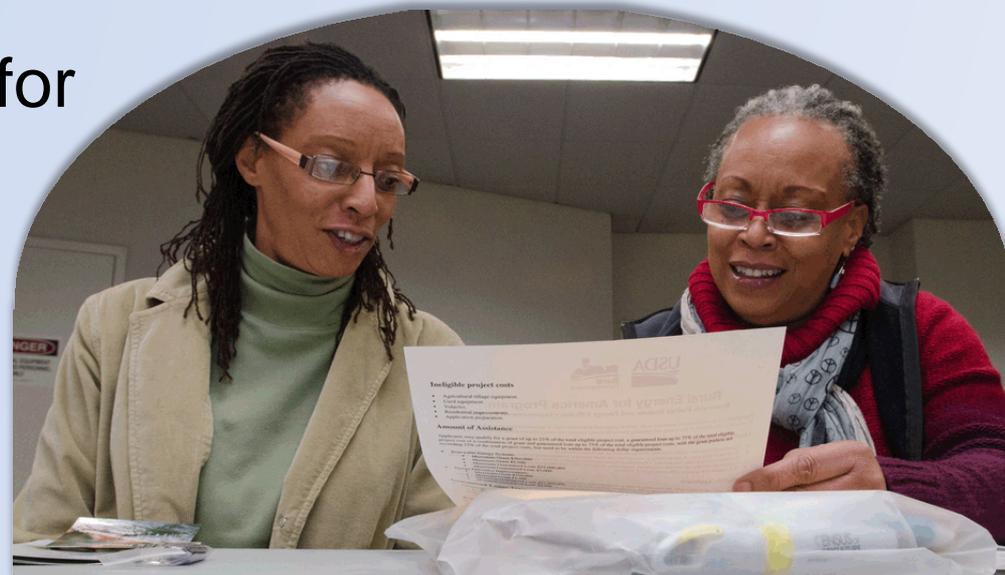
- \$4.15 Million Total Cost
- \$100,000 REAP Grant
- \$2.65 Million REAP Guarantee

Powers an equivalent of 700 homes/year



How to Apply

- Contact the USDA Rural Development Energy Coordinator in your state for application materials and resources:
http://www.rd.usda.gov/files/RBS_StateEnergyCoordinators.pdf
- Submit applications any time of year.
- Applications compete for funding based on score during funding cycles.





Rural Energy for America Program (REAP)

www.rd.usda.gov/reap

Rural Business-Cooperative Service
Energy Programs

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., S.W., Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).



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“Committed to the future of rural communities”

