



# Rural Energy for America Program (REAP)

# Rural Energy for America Program (REAP) Background

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

2002

2008

Farm Bill  
reauthorized  
the energy  
programs

2014

2018

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 3  
of the 4, letting the  
Repowering Assistance  
program expire

# 2022 REAP | Inflation Reduction Act (IRA) Funding: Background



The Rural Energy for America Program was funded with an additional \$2.02 billion dollars over the next decade to invest in over 45,000 farms and small businesses



## Investment

- \$1.7 Billion for REAP
- \$304 Million for underutilized technologies and technical assistance

# REAP Financial Assistance Types

Grants

Loan Guarantees

Combination Grant/Loan Guarantees



# REAP Project Types

Renewable Energy Systems (RES)

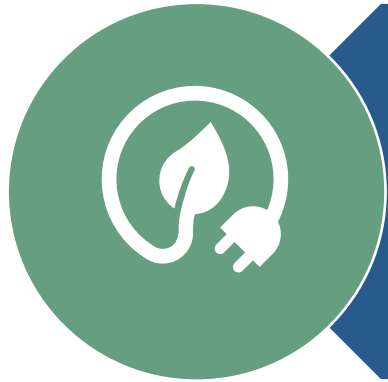
Energy Efficiency Improvements (EEI)

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



# REAP Grant Funding

# REAP Grant Funding



## **System Installations:**

Renewable Energy Systems  
Energy Efficiency Improvements



## **Technical Assistance:**

Energy Audits  
Renewable Energy Development Assistance

# REAP Systems, Equipment, Improvements

Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for **renewable energy systems or to make energy efficiency improvements.**

➤ \$1,055,003,000 available through September 2024

## Available Funding

- Grants can cover up to 50% of total eligible project costs (from 25% pre-IRA)
- Loan Guarantees on loans can cover up to 75% of total eligible project costs
- **Combined** grant and loan guarantee funding can cover up to 75% of total eligible project costs



# Underutilized Renewable Energy Technologies

NEW Underutilized Renewable Energy Technology Set-Aside \$144,750,000

- Technologies which do not produce greenhouse gases at the project level  
(*Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>) Nitrous Oxide (N<sub>2</sub>O), Fluorinated Gases*)

AND

- Technologies that make up less than 20% of total grant dollars obligated at the end of the fiscal year two years previous to current year. (*Example: FY24 uses FY22 obligation data*)

# Additional Competitions

Six quarterly competitions through September 2024. 1<sup>st</sup> application window opens April 1, 2023:

June 30, 2023	1 <sup>st</sup> quarterly competition closes. Next round opens July 1
Sept 30, 2023	2 <sup>nd</sup> quarterly competition closes. Next round opens Oct 1
Dec 31, 2023	3 <sup>rd</sup> quarterly competition closes. Next round opens Jan 1
March 31, 2024	4 <sup>th</sup> quarterly competition closes. Next round opens April 1
June 30, 2024	5 <sup>th</sup> quarterly competition closes. Next round opens July 1
Sept 30, 2024	6 <sup>th</sup> quarterly competition closes.

Who is Eligible?

# Rural Small Businesses



# Rural Small Business: Eligibility

**An entity that meets SBA size standards AND one of the following:**

- Private for-profit entity
- A cooperative
- An electric utility
- A tribal corporation or other tribal business entity

\*Located in a rural area or non-metro community of  $\leq 50,000$

# Agricultural Producers



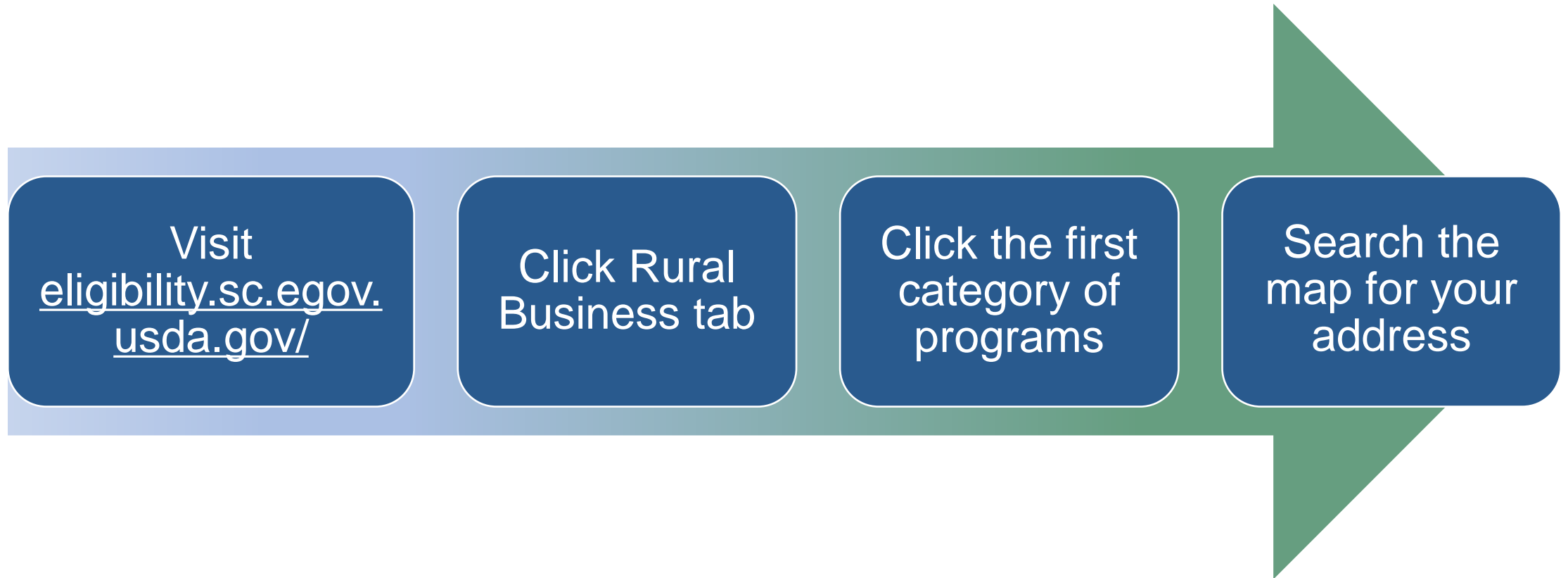
# Agricultural Producer: Eligibility

**An individual or entity that receives 50 percent or more of their gross income from agricultural operations:**

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Crops</li><li>• Livestock</li><li>• Aquaculture</li></ul> | <ul style="list-style-type: none"><li>• Forestry operations</li><li>• Nurseries</li><li>• Dairies</li></ul> |
|---|---|

\*Located in a rural or non-rural areas

# How to Determine Geographic Eligibility



Visit  
[eligibility.sc.egov.usda.gov/](http://eligibility.sc.egov.usda.gov/)

Click Rural  
Business tab

Click the first  
category of  
programs

Search the  
map for your  
address



# What Types of Projects are Eligible Under REAP?



# Renewable Energy Eligible Projects



Solar



Wind



Small Hydroelectric  
(below 30 megawatts)



Anaerobic Digesters



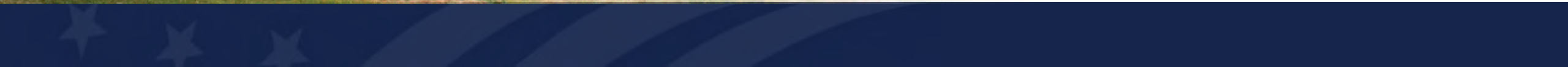
Biomass



Geothermal



Wave/Ocean Power



# Energy Efficiency Eligible Projects



Lighting



Heating



Cooling



Ventilation



Fans



Automated Controls



Insulation



# Additional Requirements



RES Projects may require a full technical report and/or a feasibility study

EI projects require an energy assessment or energy audit



Projects involving over 10 acres may require a more detailed environmental review

Do not begin construction or incur costs prior to Agency confirmation.

What Funding is Available?

# Funding Requirements for REAP Grants

**Up to 50%\***  
of Eligible Project Costs

 Renewable Energy Systems	 Energy Efficiency Improvements
Minimum Total Project Cost <b>\$10,000</b>	Minimum Total Project Costs <b>\$6,000</b>
Maximum Grant Request <b>\$1,000,000</b>	Maximum Grant Request <b>\$500,000</b>

\*Must meet requirements to be eligible for 50%.

\*Maximum financing for loan/grant combo is 75% of eligible project cost.

# Maximum Federal Grant Share

Applications submitted on or after **04/01/2023** are eligible for up to 50% Federal grant share

Must meet ONE of the following criteria to qualify for up to 50%:

1. Project is a renewable energy system or retrofit of a renewable energy system that produces zero greenhouse gas emissions at the project level.
  - Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Fluorinated Gases
2. Project is located in an Energy Community as defined in 26 USC 45(b)(11)(B) and determined by the Department of the Treasury
3. Project is an Energy Efficiency Improvement (EEI)
4. Is a project proposed from an eligible Tribal Corporation or other Tribal Business entity (including Tribal agriculture operations) as described in 7 CFR part 4280

All other projects that do not fit into one of the categories are eligible for up to 25% Federal grant share

# Use of Funds

## ✓ 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**



# Technical Assistance for REAP

# 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



# REAP Project Examples

# 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

# Energy Efficiency Improvement (EEI) Poultry Houses



## Poultry Farm

Radiant heating, fans, vents & computerized controls

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



Saved 122,631 KWH, improved egg production, increased labor efficiency

# Energy Efficiency Improvement (EEI) Equipment Upgrade



## Nursery

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

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



40% reduction in energy costs, improved plant health & quality

# 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 Guaranteed Loan Funding



# Funding Requirements for REAP Guaranteed Loans

## Guaranteed Loan Amount

Minimum Request

\$5,000

Maximum Request

\$25,000,000



# REAP Guaranteed Loan Additional Information

- 1 Subject to OneRD Guarantee Loan Program Guidelines
- 2 Loan amount cannot exceed 75% of eligible project cost
- 3 Loan/Grant Combo financing max at 75% of eligible project cost
- 4 Terms negotiated between lender and borrower
- 5 Fees, appraisals, equity & collateral requirements apply

What funding is available for Energy Efficient Equipment and Systems (EEE) Assistance?

# Energy Efficient Equipment & Systems Assistance (EEE)



The 2018 Farm Bill expanded REAP provisions to include guaranteed loan funding up to 15% to agricultural producers for Energy Efficient Equipment and Systems (EEE).



The funding is a guaranteed loan ONLY. Loan funds can be used for the purchase and installation of equipment that exceeds current efficiency standards.

# 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





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