

USDA REAP Funding for Anaerobic Digester Projects

Carbon Offsets Workshop
Got Manure?/AgSTAR Conference
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Rural Energy for America (REAP)

- Created in 2002 Farm Bill, renewed and expanded in 2008; funded through 2012
- Grants and/or loan guarantees for renewable energy installations and energy efficiency improvements to existing facilities or processes

REAP Funding Limits

- Grants: up to **25%** of total project cost
 - Minimum \$2,500; Maximum \$500,000 for RE project
 - Minimum \$1,500; Maximum \$250,000 for EE project
- Loan guarantees: up to **75%** of total project cost; statutory cap of \$25 million
- Combos (loan and grant): up to **75%** of total project cost

REAP Eligible Applicants

- Agricultural Producers
 - At least 50% of gross income from the ag business
- Rural Small Businesses
 - SBA Standards
 - Rural location – USDA website
- Non-profit organizations, public entities and residences are NOT eligible

REAP – Eligible Technologies

Renewable Energy

- Wind
- Solar - PV and Thermal
- Biomass - Bioenergy
- Anaerobic Digesters
- Geothermal
- Hydrogen
- Hydropower (< 30MW)

Energy Efficiency

- Energy Efficiency improvements identified by an energy audit or assessment

Eligible Costs

- **Post application** purchase and installation of materials and equipment: new, remanufactured, or refurbished
- Permit and license fees
- Professional service fees, e.g. engineering review

Ineligible Costs

- Used equipment – as is, where is
- Vehicles, ag tillage equipment
- R & D – first-of-kind equipment
- Costs incurred before application is submitted and accepted by RD as “substantially complete”
- Application preparation

Matching Funds

- Critical to show that balance of project funding is in place
- Can be cash, line of credit, loan, grant funds, in any combination
- Non-Federal grant funds (e.g., NYSERDA) acceptable
- Tax credits not usable; not available for construction financing

Feasibility Study Grant

- Separate component of REAP
 - Funds 25% of cost of business-level renewable energy feasibility studies
 - Other Federal or State funds not eligible as match
 - Maximum grant request \$50,000

Application Contents

- Several standard forms, certifications
- Environmental information to meet NEPA requirements
- Application describing project, applicant, demonstration of eligibility
- Technical report
- Feasibility study for all projects >\$200,000

REAP Loan Guarantees

- Intended to encourage private lenders to make loans to purchasers of RE/EE systems
- Lender, not borrower, applies for guarantee
- RD charges one-time fee of 1% of guaranteed portion of loan, annual renewal fee of ¼% of principal balance
- U.S. Government guarantees percentage of loans on a stepped scale from 85% to 60%
- Statutory cap of \$25MM

REAP Loan Guarantees

- Required elements:
 - Business-level feasibility study prepared by qualified independent consultant
 - Historical and pro forma financial statements
 - Lender's credit analysis
 - Full discounted collateral coverage
 - Minimum borrower equity, generally 25%
- Interest rates set by borrower and lender; RD does not dictate

2012 REAP Funding Process

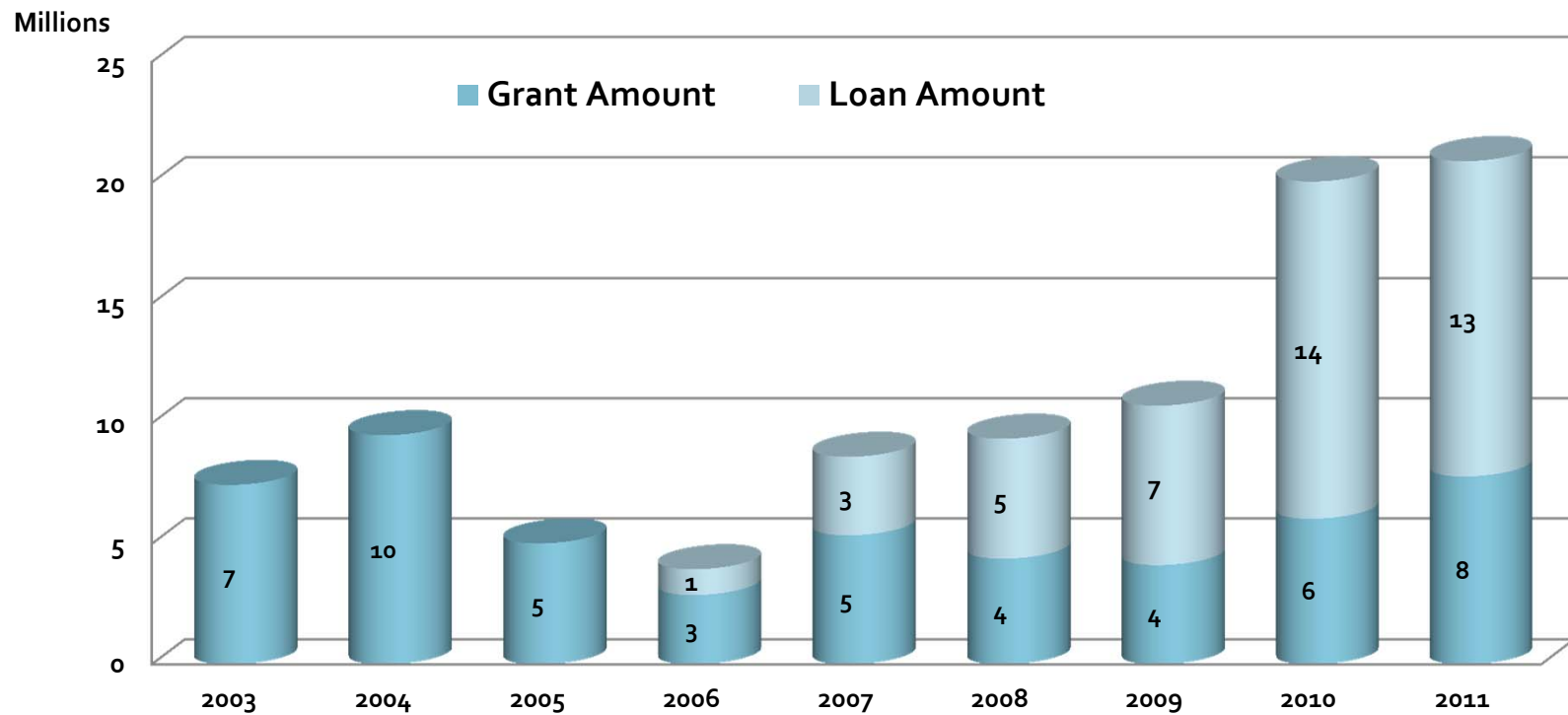
- \$25.4MM program allocation
 - Approximately \$12.5MM grant funds
 - Balance buys \$48.5MM in loan guarantees
- Each state RD office receives allocations for grants, loan guarantees
- Washington DC office retains some reserve funds, pools unused state funds for funding round after states are finished scoring projects and awarding funds

REAP Digester Investments

- Total number funded 2003-2011: 166
- Grant Funds: \$52.55MM
- Loan guarantee funds 2006-2011: \$43MM
- Leveraging: \$295MM

REAP Digester Investments

REAP Anaerobic Digester Investments, 2003-11



Applying for Funds

- It's a process.
 - Several forms to be filled out
 - Main body of application
 - Technical report
 - Supporting documentation
- Have your project well-developed, with a reasonably accurate budget and financing in place if possible. Most applicants receive some assistance from system vendors

Questions? Contact Info

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- Phone 315-736-3316 x 127
- For a state-by-state list of Rural Development Energy Coordinators:
- http://www.rurdev.usda.gov/BCP_Energy_CoordinatorList.html