USDA Funding Assistance for Rural Renewable Energy and Energy Efficiency:

Section 9006

NYSERDA Innovations in Agriculture Conference

April 16-18, 2007

What is the Section 9006 Program?

- Created in the 2002 Farm Bill as a USDA program for 5 years
- Designed to assist farmers, ranchers and rural small businesses with energy projects
- Provides grants and guaranteed loans for renewable energy systems and energy efficiency improvement projects

Farm Bill Definitions

- **Renewable Energy**
  - **Energy derived from:**
    - wind, solar, biomass, or geothermal source, or
    - hydrogen derived from biomass or water using one of the above energy sources

- **Energy Efficiency Improvement**
  - Improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot

Funding for New York Projects

- $5,921,820 in 2003-06
- $4,298,956 for 15 digesters
- $ 914,267 for 9 EE projects
- $ 152,564 for 4 wind projects
- $ 453,303 for 2 biomass projects
- $ 102,730 for 4 solar projects

Who is Eligible?

- **Rural small businesses and agricultural producers**
  - **<u>Rural</u> – Any area other than a city of town with population over 50,000 or areas immediately adjacent to those areas**
  - **<u>Agricultural Producer</u> - An individual or entity directly engaged in the production of agricultural products (including farming or ranching) that gets 50% + of their *gross* income from the operations**
  - **<u>Small Business</u> - A private entity including a sole proprietorship, partnership, corporation, cooperative (including most Rural Electric Cooperatives), and certain other electric utilities.**
    - **Must meet SBA size standards for small business www.sba.gov/size/indextableofsize.html**
    - **Non-profits excluded**

* Actual definitions available in the Regulation

Who is Eligible?

- **Other requirements for eligible applicants:**
  - **Must demonstrate financial need**
  - **If an entity, must be at least 51 percent owned by individuals who are either U.S. citizens or legal permanent residents of the U.S.**

What Projects are Eligible?

- **Any renewable energy and energy efficiency project as defined in the law.**

- **Requirements for eligible projects:**
  - **Must be located in a rural area.**
  - **Must be for a pre-commercial or commercially available and replicable technology.**
  - **Must be technically feasible.**
  - **Must have sufficient revenues to provide for operation and maintenance**

- **The applicant must be the owner of the project and *control* the operation and maintenance of the proposed project.**

What Costs are NOT Eligible?

- **Agricultural tillage equipment**
- **Vehicles**
- **Energy efficiency improvements related to new construction**

Grant Funding

- **Grants request can't exceed 25% of eligible project costs**
  - **Renewable Energy:**
    - **Maximum grant request: $500,000**
    - **Minimum grant request: $2,500**
  - **Energy Efficiency**
    - **Maximum grant request: $250,000**
    - **Minimum grant request: $1,500**
    - **If total project costs are over $50,000, an energy audit is required.**

Guaranteed Loan Funding

- **Guaranteed loan request up to 50% of eligible project costs**
  - **Lender submits application**
  - **Minimum guaranteed loan request: $5,000**
  - **Maximum guaranteed loan request: $10 million**

  For FY 2006:
  - **the guarantee fee amount is 1.0% of the guaranteed portion of the loan**
  - **the annual renewal fee is 0.125% of the guaranteed portion of the loan.**

FY 2007 Funding

- **Grants:**
  - **$11.4 million available for grants**
  - **Applications must be postmarked no later than May 18, 2007.**
- **Guaranteed Loans:**
  - **$176.5 million available in guaranteed loans**
  - **Any funds not used for loan guarantees by August 1, 2007 will be used to fund additional grants.**
- **Combined grant and guaranteed loan:**
  - **Combined funding available but requires two separate applications submitted**
  - **Combined grant/guaranteed loan cannot exceed 50% of eligible project costs.**

Application Requirements

- **Must meet eligibility requirements for:**
  - **Applicant**
  - **Project**
  - **Financial Need**
  - **Replicability**
  - **Complete application**

- **To qualify for funding, the application will also have to pass:**
  - **Technical Review**
  - **National Environmental Policy Act (NEPA) Review**

Simplified Application Process

- **Eligibility**
  - **Total eligible project costs of $200,000 or less**
  - **Uses commercially-available technology**
  - **Project scheduled to be completed within 24 months of grant agreement**
  - **Reimbursement of funds when project is operating**

- **Advantages**
  - **Reduced reporting requirements in application**
    - **Financial Need Certification**
    - **Reduced financial reporting**
    - **Reduced technical reporting requirements (Appendix A)**
  - **Additional points in scoring**

Technical Requirements

- **Two sets of requirements depending on size/type**
  - **Simplified Application Process for projects ≤ $200,000.**
  - **Complex Application Process for all other projects**

- **Each type has 10 sections based on technology:**
  - **Biomass, Bioenergy**
  - **Anaerobic Digester**
  - **Geothermal, electric generation or direct use**
  - **Hydrogen**
  - **Solar, small (10 kW or smaller); large (over 10kW)**
  - **Wind, small (100 kW or smaller); large (larger than 100 kW)**
  - **Energy Efficiency**

Technical Requirements

- Qualifications of project team
- Agreements and permits
- Resource assessment
- Design and engineering
- Project development schedule
- Financial feasibility
- Equipment procurement
- Equipment installation
- Operations and maintenance
- Decommissioning

Scoring Criteria

- **Quantity of energy replaced, generated or saved 5,10, or 15**
- **Environmental benefits: 0 or 10**
- **Commercial availability: 0, 5 or 10**
- **Technical merit: 0-35**
- **Financial readiness: 5, 10 or 15**
- **Small ag producer/very small rural business: 0, 5 or 10**
- **Simplified application (<$200,000 project): 0 or 5**
- **Previous 9006 grantee – last 2 years: 0 or 5**
- **Return on investment: 2, 4 or 10**

Online Information

- **Web site for the USDA Farm Bill Section 9006:**
  - **www.rurdev.usda.gov/rbs/farmbill/**

- **Better web site:**

  www.rurdev.usda.gov/ia/rbs.html

  Go to Section 9006 energy program

For More Information

- **Contact New York's USDA Rural Energy Coordinator:**
  - **Tom Hauryski**
    - **(607) 776-7398 ext. 132**
    - **thomas.hauryski@ny.usda.gov**
    - **USDA Rural Development**
      415 W. Morris Street
      Bath, NY 14810

Program materials and eligibility determinations

Assistance with filling out applications

Advance action on environmental reviews for projects of concern

Or me

- scott.collins@ny.usda.gov
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