



Advancing Wind Power in Illinois Conference 2009

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USDA Rural Development

Small Wind – “How To” Panel Session

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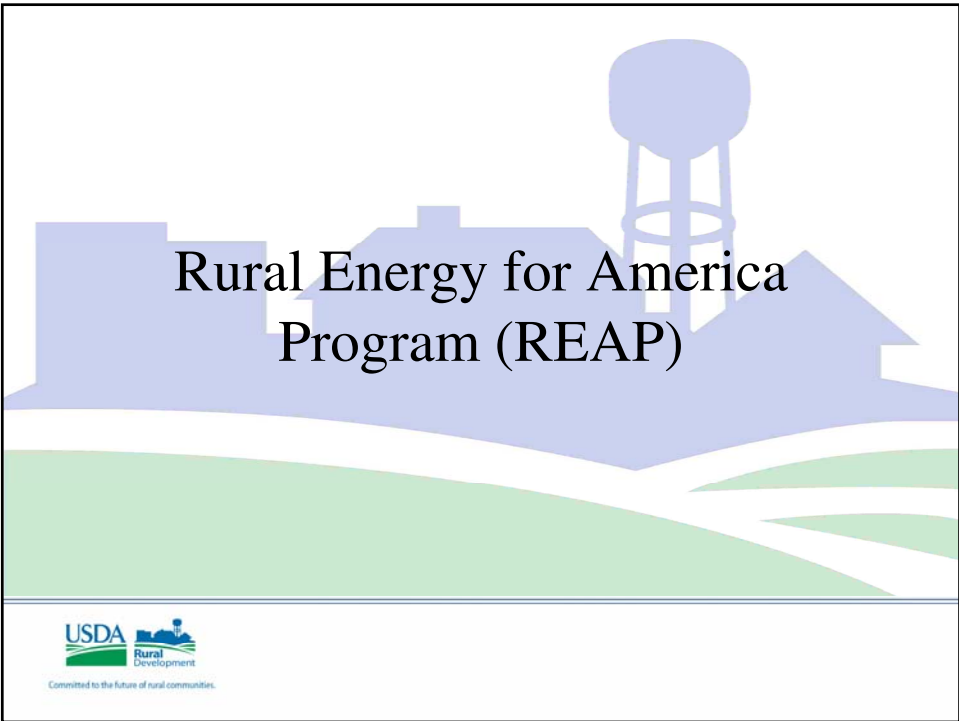


USDA Rural Development
Funding Wind Projects


Matt Harris
Business Cooperative Specialist



USDA Rural Development
Committed to the future of rural communities.



Rural Energy for America
Program (REAP)



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What is the REAP Program?

- Created in the 2008 Farm Bill (Section 9007)
 - Formerly known as the Section 9006 Program
- Designed to assist farmers, ranchers and rural small businesses with energy projects
- Provides grants, guaranteed loans, and combined guaranteed loans and grants for renewable energy and energy efficiency projects
- Provides grants for renewable energy feasibility studies.



Renewable Energy

- Energy derived from a *wind*, solar, renewable biomass, ocean, geothermal, or hydroelectric source; or hydrogen derived from biomass or water using *wind*, solar, renewable biomass, ocean, geothermal, or hydroelectric energy sources
- Renewable energy system
 - A system that produces or produces and delivers usable energy from a renewable energy source.



Grant Program – FY '09

- Minimum grant \$2,500 for renewable energy project
- Maximum grant \$500,000 for renewable energy project
- Maximum grant of \$50,000 for renewable energy feasibility study (no minimum amount)
- Grant can cover up to 25% of eligible project costs



Loan Guarantees – FY '09

- Maximum Loan Guarantee: \$25 million
 - Loans > \$10 million and up to \$25 million – 60% guarantee
 - Loans > \$5 million and up to \$10 million – 70% guarantee
 - Loans > \$600,000 and up to \$5 million – 80% guarantee
 - Loans \$600,000 and below – 85% guarantee
- Minimum Loan Guarantee of \$5,000
- Loan amounts up to 75% of eligible project costs
- Loans and Loan/Grant Combos can cover up to 75% of eligible project costs (Total RD Financing cannot exceed 75% of the total project cost)



Applicant Eligibility

The applicant must be an agricultural producer or a rural small business.



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Agricultural Producer

- Individual or entity which gets 50% or more of gross income from farming



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Small Business

- Small Business – Must meet Small Business Administration (SBA) small business size standards. Must be either:
 - A private entity
 - An electric utility that provides service to rural consumers on a cost-of-service basis. Must be independent of government control or public funds.
 - www.sba.gov/size/index/tableofsize.html
 - Non-profits are excluded.



Rural

- Any area that is not located in or immediately adjacent to a city or town that has a population of greater than 50,000 inhabitants.
- <http://www.rurdev.usda.gov/rbs/>

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“ERS – Rural Area Determination”

ERS - Rural
Area
Determination



Applicant Eligibility

Individuals must be citizens of the U.S. or reside in the U.S. after being legally admitted for permanent residence.

Entities must be 51% owned by U.S. citizens



Applicant Eligibility

If the applicant is applying as a rural small business, the funded project must be in a rural area.

The applicant must have “demonstrated financial need”.



Project Eligibility

1. The project must be for the purchase of a renewable energy system, to make energy efficiency improvements, or to conduct a feasibility study on a proposed renewable energy project.
2. The project must utilize pre-commercial or commercially available and replicable technology.



Project Eligibility

3. The project must have technical merit.
4. The project must be located in a rural area.
5. The applicant must be the owner of the system and control the operation and maintenance of the proposed project. A qualified third party operator may be used to manage the operation and/or maintenance of the proposed project.



Project Eligibility

6. All projects financed under this subpart must be based on satisfactory sources of revenue in an amount sufficient to provide for the operation and maintenance of the system or project.
(Financial Feasibility)



Renewable Energy Systems

- Wind, small – Wind turbine of 100kW or smaller and with a generator hub of less than 120 feet high.
 - 40kW wind turbine that produces electricity to supplement purchased power at the farm or small rural business.



Renewable Energy Systems

- Wind, large – Larger than 100kW.
 - Wind turbine in Pike County (Illinois Rural Electric Cooperative)



Eligible Purposes

- Post-application construction, improvements and purchase of equipment
- Professional service fees (except for application preparation)
- Feasibility studies
- Technical reports
- Business plans
- Permit and license fees



What Costs are NOT Eligible

- Pre-application construction
- Residential improvements (wind turbine must not benefit residence)
- Used equipment
- Applicant in-kind contributions
- Costs paid prior to an application being received by Rural Development/USDA



Application Requirements

- Forms, certifications and organizational documents
- Table of contents
- Project summary
- Financial information (Not required for simplified applications)



Application Requirements

- Matching funds
- Self-evaluation score
- Technical report
- Business-level feasibility study for renewable energy systems >\$200,000



Scoring Criteria

1. Quantity of energy replaced, produced, saved, or generated
2. Environmental Benefits
3. Commercial Availability
4. Technical merit score
5. Readiness (Matching Funds)



Scoring Criteria

6. Small agricultural producer/very small business
7. Simplified application/low cost projects
8. No awards for the past two years
9. Return on investment



Technical Report

- Qualifications of project team
- Agreements, permits and certifications
- Energy assessment
- Design and engineering
- Project development schedule
- Project economic assessment
- Equipment procurement
- Equipment installation
- Operations and maintenance
- Dismantling and disposal of project components



Program Websites

Websites

<http://www.rurdev.usda.gov/rbs/farmbill/index.html>

www.farmenergy.org – Application tools and templates

<http://www.illinoiswind.org/> - Wind Monitoring Program



Contact Information

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