



Committed to the future of rural communities.



Renewable Energy and Energy Efficiency Program

Farm Bill Section 9006

Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

Rural Development is an agency of the United States Department of Agriculture with **seventy-one** years of rural development experience.

Rural Development administers the Section 9006 Program through our **Business and Cooperative Programs Division**.



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Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

What is the Section 9006 Program?

- U.S. Department of Agriculture program
- Designed to assist farmers, ranchers and rural small businesses with energy projects
- Provides grants and loan guarantees for renewable energy and energy efficiency projects



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What is the Section 9006 Program?

- Created as a 5-year program.
- Congress funded the FY 2006 program at \$11.3 million for competitive grants and \$176.5 million in guaranteed loan authority
- Since program inception, a total of \$66 million in grants were awarded to 435 projects



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What's the plan for FY 2007?

- Anticipate a notice published in the Federal Register in the first calendar quarter of 2007, inviting applications for competitive grants and guaranteed loans
- USDA will likely conduct one competitive grant solicitation in 2007
- Loan Guarantees: Guaranteed Loans will be awarded on a continuous basis.



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Who is Eligible?

- Agricultural producers and rural small businesses can apply
 - Rural – Any area other than a city or town with population over 50,000. Cannot be in urbanized area adjacent to such a city or town.
 - Agricultural Producer -- 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



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Who is Eligible?

- **Small Business** – A private entity including a sole proprietorship, partnership, corporation, cooperative (including most Rural Electric Cooperatives), and certain other electric utilities.
 - Must meet SBA definition of small business
 - Non-profits excluded



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Who is Eligible?

- Other requirements for eligible applicants:
 - Must demonstrate financial need for grant application. Not needed for guaranteed loan
 - If individuals, must be U.S. citizens or legal permanent residents of the U.S.
 - 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.



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What Projects are Eligible?

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



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What Projects are Eligible?

- Must be located in a rural area.
- Must be for a pre-commercial or commercially available and replicable technology. However grant requests with total eligible project costs under \$200,000 must be for commercially available technology only.
- Must be technically feasible. (simplified reporting requirements for projects less than \$200,000 in total eligible project costs)
- Must have sufficient revenues to provide for operation and maintenance



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What Projects are Eligible?

- Grants request must not exceed 25% of project costs
 - Minimum grant request: \$2,500 for renewable energy and \$1,500 for energy efficiency projects.



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What Projects are Eligible?

- Renewable Energy:
 - Maximum grant request: \$500,000
 - Business level feasibility study is required if total eligible project costs exceed \$200,000.
- Energy Efficiency
 - Maximum grant request: \$250,000
 - An energy audit is required if total project costs are over \$50,000



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What Projects are Eligible?

- Guaranteed Loans
 - Minimum guaranteed loan = \$5,000
 - Maximum guaranteed loan = \$10 million
 - Guaranteed Loan cannot exceed 50% of total eligible project costs.
 - Combination guaranteed loan and grant cannot exceed 50% of total eligible project cost



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What Projects are Eligible?

- Guaranteed Loans
 - Maximum percentage of guarantee
 - = or < \$600,000 = 85%
 - \$600,000 to \$5 million = 80%
 - > \$5 million to \$10 million = 70%
 - Guarantee fee = 1% of guaranteed portion, and an annual renewal fee of 1/8 of 1% of the guaranteed portion.
 - Simplified application process for loans less than \$600,000



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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



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Farm Bill Definitions

- Biomass – any organic material that is available on a renewable or recurring basis. Includes:
 - agricultural crops
 - trees grown for energy production
 - wood waste and wood residues
 - plants (including aquatic plants and grasses)
 - residues
 - fibers
 - animal wastes, and
 - fats, oils and greases (including those that are recycled).
- The term “biomass” does not include paper that is commonly recycled or unsegregated solid waste.



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How Do I Apply?

- In past years applications were accepted during the first and second quarter of the calendar year.
- Full details on the Renewable Energy Systems and Energy Efficiency Grant Program are posted at:
www.rurdev.usda.gov/rbs/farmbill/
- More information and assistance available from your State Rural Energy Coordinator
 - Contact the state office where your project is located
 - www.rurdev.usda.gov/rbs/farmbill/contacts.htm



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Filling out the Application

- Download all the forms at www.rurdev.usda.gov/rbs/farmbill/
- Separate application forms for grant and loan guarantee.
- SF-424: Application for Federal Assistance
- Organizational DUNS (grants only)
 - Dun and Bradstreet Universal Numbering System
 - To obtain your DUNS Number, call the government dedicated DUNS Number self-request line at: 1-866-705-5711



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Application Requirements

- Must meet eligibility requirements for:
 - Applicant
 - Project
 - Financial Need (Grant Only)
 - Replicability
 - Complete application
- To qualify for funding, the application will also have to pass:
 - Technical Review
 - National Environmental Policy Act (NEPA) Review



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Technical Requirements

- Technical requirements are based on type and size of technology
- Renewable Energy projects exceeding \$400,000 require a certification from a State Licensed Professional Engineer. Energy Efficiency projects exceeding \$200,000 require a Professional Engineer certification
- Simplified technical report for projects with costs of \$200,000 or less



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Technical Requirements

- All requirements follow the same standard project development process:
 - 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



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Technical Requirements

- Different Technology Requirements for:
 1. Biomass, Bioenergy
 2. Anaerobic Digester
 3. Geothermal, electric generation
 4. Geothermal, direct use
 5. Hydrogen
 6. Solar, small (*10 kW or smaller*)
 7. Solar, large (*larger than 10 kW*)
 8. Wind, small (*100 kW or smaller*)
 9. Wind, large (*larger than 100 kW*)
 10. Energy Efficiency

USDA has worked with technology experts to develop Guidance on the Technical Requirements for each technology.

Available at
www.rurdev.usda.gov/rbs/farmbill/
under "Tools and Resources"



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Environmental Requirements

- All projects receiving federal grants and loans are subject to the provisions of the National Environmental Policy Act (NEPA).
- The USDA will perform the NEPA review



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Environmental Requirements

- Applicants must:
 - Complete Form RD 1940-20, "Request for Environmental Information."
 - Provide all information necessary for the Agency to complete a NEPA review and analysis. USDA may contact applicant after preliminary review if more information is needed.
 - Be responsible for any applicable analyses and studies required as part of completing the NEPA analysis (i.e. Archaeological studies, Biological Assessments, etc.)
 - Strive to achieve positive community support, select good sites, and mitigate environmental impacts resulting from their proposals.



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Environmental Requirements

- If an environmental review cannot be completed in sufficient time for grant funds to be obligated by September 30, 2006, grant funds will not be awarded.



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Online Information

- Web site for the USDA Farm Bill Section 9006:
www.rurdev.usda.gov/rbs/farmbill/
- Web site includes a range of useful information:
 - Overview of Program
 - RD Instruction 4280-B (Program Regulation)
 - USDA RD State Office Rural Energy Coordinators
 - Tools and Resources
 - Section 9006 Forms (Standard Government Application Forms)
 - “Other Links” to resources for these technologies



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Tools and Resources

- Support materials are available on the USDA web site including:
 - Section 9006 Program Brochure (PDF)
 - Technology-specific Guidance for Technical Requirements
 - Environmental Guidance
 - Sample Application (PDF)
 - Fictional small wind project
 - Overview Presentation (PDF)
 - Links to external resources

www.rurdev.usda.gov/rbs/farmbill/



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For More Information

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