



United States Department of Agriculture



Rural Energy for America Program (REAP)

GUAM Workshop

August 23-24

John Antonio, Energy Coordinator

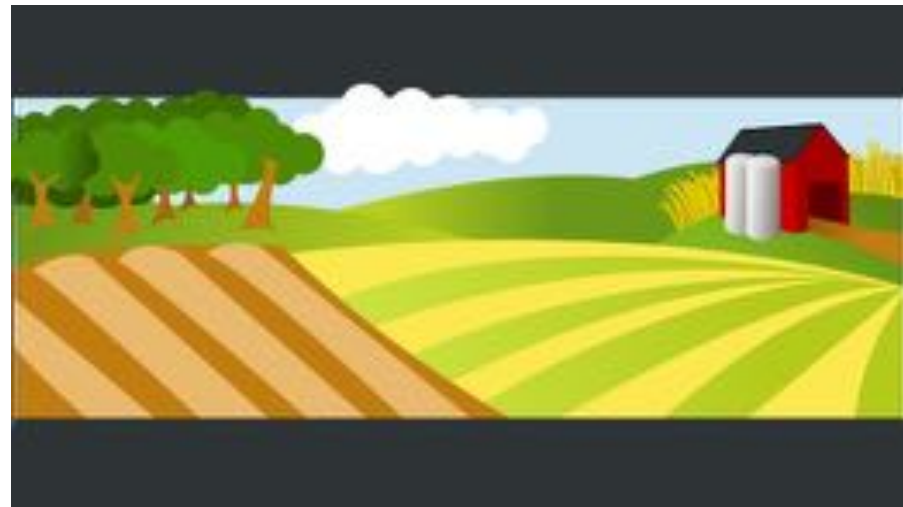
USDA Rural Development, Hawaii, American Samoa, Guam & Western Pacific



United States Department of Agriculture

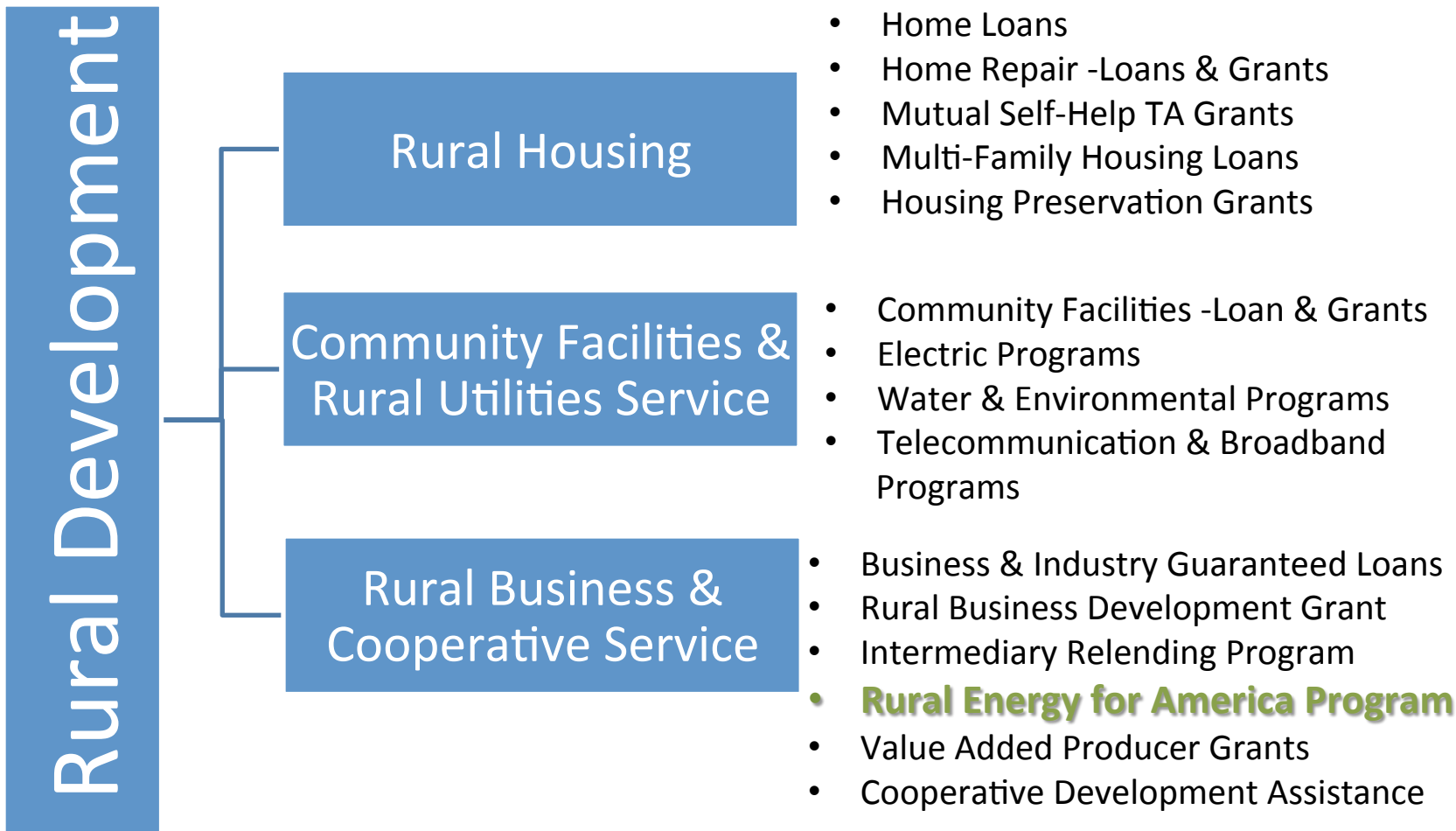
Mission

The mission of Rural Development is to increase economic opportunities and improve the quality of life for rural Americans.





Rural Development





Business Programs

- ❖ Business & Industry (B&I) Guaranteed Loan
- ❖ Intermediary Relending Program (IRP) Loan
- ❖ Rural Business Development Grant (RBDG)
- ❖ Rural Cooperative Development Grant (RCDG)
- ❖ **Rural Energy for America Loan & Grant Program (REAP)**
- ❖ Rural Economic Development Loan and Grant (REDLG)
- ❖ Rural Microentrepreneur Assistance Program (RMAP)
- ❖ Small Socially Disadvantaged Producer Grant Program (SSDPG)
- ❖ Value-Added Producer Grant (VAPG)



Rural Energy for America Program

REAP

Focus:

*Renewable Energy Systems
& Energy Efficiency
Improvements*





The purpose of REAP is to provide financial assistance to **agricultural producers** and **rural small businesses** for the purpose of purchasing and installing a renewable energy systems and/or energy efficiency improvements.





Eligible Applicants

Agricultural Producer



- Individual or entity that receives 50 percent or more of their income from production of agricultural products.
- May be rural or urban.

Rural Small Business

















- For-profit small business as defined by the Small Business Administration (SBA)
- Must be located in a rural area. (≤50,000 population)

https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf

Non-Profits are NOT eligible for the REAP program.



Eligible Projects

| Energy Efficiency | | Renewable Energy | |
|---|--------------------|---|---------------------|
|  | Lighting |  | Solar |
|  | Heating |  | Wind |
|  | Cooling |  | Small Hydroelectric |
|  | Ventilation |  | Anaerobic Digesters |
|  | Fans |  | Biomass |
|  | Automated Controls |  | Geothermal |
|  | Insulation |  | Wave/Ocean Power |

The technology must be commercially available. Research and development projects do not qualify.



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)**

**Post application costs only*





Ineligible Project Costs

- **Equipment (specifically):**
 - Farm tillage equipment
 - Used equipment
 - Vehicles
- **RES or EEI projects on residential**
- **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**
- **EEI related to new construction**



REAP Grant Assistance

Covers Up to 25%
of Eligible Project Costs

|  Renewable Energy Systems | |  Energy Efficiency Improvements | |
|---|---|---|---|
| Minimum Grant Request | \$2,500 Total eligible project costs \geq \$10,000 | Minimum Grant Request | \$1,500 Total eligible project costs \geq \$6,000 |
| Maximum Grant Request | \$500,000 Total eligible project costs \geq \$2 million | Maximum Grant Request | \$250,000 Total eligible project costs \geq \$1 million |



REAP Guaranteed Loan Assistance

| | |
|----------------------------|---|
| Minimum Loan Amount | \$5,000 Total eligible project costs \geq \$6,667 |
| Maximum Loan Amount | \$25 million Total eligible project costs \geq \$33.4 million |
| Details | <ul style="list-style-type: none">• USDA guarantees a commercial loan; applicant must have a willing lender.• Terms are negotiated between the lender and the borrower.• Term Limits: Real Estate -30 Years/ Machinery and equipment -15 Years/ Working Capital -7 Years• One time Guarantee fee of 1%/ Annual Renewal Fee of .25% |



REAP Loan & Grant Combination

| <u>% of Funding</u> | | <u>Source of Funds</u> | <u>Sample Project</u> |
|---------------------|-------------------------------------|--|-------------------------|
| | 25% of total project cost | Other Funds <ul style="list-style-type: none">• Equity contribution• Unguaranteed loan | \$250,000 |
| 75% | 25% of total project cost | REAP Grant | \$250,000 |
| | 50% of total project cost | REAP Guaranteed Loan | <u>\$500,000</u> |
| 100% | | Total Project Costs | \$1,000,000 |



REAP – Overview

| | |
|----------------|--|
| REAP Funding | <ul style="list-style-type: none">• Loan Guarantees on loans up to 75% of the total eligible project costs• Grants for up to 25% of the total eligible project costs• Combined grant and loan guarantee funding up to 75% of the total eligible project costs |
| Loan Amounts | <ul style="list-style-type: none">• \$5,000 minimum loan• \$25 million maximum loan |
| % of Guarantee | <ul style="list-style-type: none">• 85% for loans of \$600,000 or less• 80% for loans > \$600,000 to \$5 million• 70% for loans > \$5 million up to \$10 million• 60% for loans > \$10 million |
| Grant Amounts | <ul style="list-style-type: none">• <u>Renewable Energy Systems Grants:</u>• \$2,500 minimum grant (≥ \$10,000 TPC)• \$500,000 maximum grant (≥ \$2 million TPC) • <u>Energy Efficiency Grants:</u>• \$1,500 minimum grant (≥ \$6,000 TPC)• \$250,000 maximum grant (≥ \$1 million TPC) |



REAP – 3 Tier Application

| <u>SIMPLE APPLICATION</u> <u>≤ \$80,000 Total Project Cost</u> | <u>SIMPLE APPLICATION</u> <u><\$200,000 >\$80,000 Total</u> <u>Project Cost</u> | <u>FULL APPLICATION</u> <u>>\$200,000 Total Project Cost</u> |
|--|--|--|
| <ol style="list-style-type: none">1. Form RD 4280-A2. Form SF 4243. Form SF 424C4. Form SF 424D5. Form AD 30306. Financial Statements7. Matching Funds | <ol style="list-style-type: none">1. Form RD 4280-B2. Form SF 4243. Form SF 424C4. Form SF 424D5. Form AD 30306. Financial Statements7. Matching Funds | <ol style="list-style-type: none">1. Form RD 4280-C2. Form SF 4243. Form SF 424C4. Form SF 424D5. Form AD 30306. Financial Statements7. Matching Funds8. Feasibility Study9. Energy Audit (EEI Projects) |

*There are other documentation to support priority scoring criteria.

Technical Report Requirements

| <u>Total Project Cost</u> | <u>Energy Efficiency</u> | <u>Renewable Energy</u> |
|--------------------------------|---|---|
| \$0 - \$80,000 | SIMPLE APPLICATION Exhibit A Technical Report - Energy Assessment | SIMPLE APPLICATION Exhibit A Technical Report No Feasibility Study |
| >\$0,000 - \$200,000 | SIMPLE APPLICATION Exhibit A Technical Report - Energy Audit | |
| >200,000 - \$400,000 | FULL APPLICATION Exhibit B Technical Report - Engineering Drawings - Must use PE Services - Energy Audit | FULL APPLICATION Exhibit B Technical Report - Engineering Drawings - Feasibility Study |
| >400,000 - \$1,200,000 | | FULL APPLICATION Exhibit B Technical Report - Engineering Drawings - Must use PE Services - Feasibility Study |
| >\$1,200,000 | | FULL APPLICATION Exhibit B Technical Report - Engineering Drawings - Must use PE Services - 2nd PE Review Opinion - Feasibility Study |

Technical Merit

Energy Efficiency

| Exhibit A (Under \$80,000) | Exhibit B (Over \$80,000 –Under \$200K) |
|--|--|
| <ul style="list-style-type: none">-Project description-Qualifications of EEI provider(s); and-Energy Assessment (or EA if applicable). | <ul style="list-style-type: none">-Project information-Energy Assessment or Energy Audit-Qualifications of the contractor or installers. |

Renewable Energy

| Exhibit A (Under \$80,000) | Exhibit B (Over \$80,000 –Under \$200K) |
|---|---|
| <ul style="list-style-type: none">-Project description<ul style="list-style-type: none">A) PicturesB) Diagrams/SchematicsC) Warranty information-Qualifications of key service providers | <ul style="list-style-type: none">-Qualifications of the project team-Agreement and permits-Design and engineering-Project development-Equipment procurement and installation-Operation and maintenance. |



REAP – Feasibility Study

- REAP projects with total project costs greater than **\$200,000** requires a business level feasibility study that is competed by a qualified third party consultant.
- A Feasibility Study must contain the following:
 - Executive Summary
 - Economic Feasibility
 - Market Feasibility
 - Technical Feasibility
 - Financial Feasibility
 - Management Feasibility
 - Recommendations
 - Qualifications



Grant Application Evaluation

- **Quantity of Energy Replaced, Produced, or Saved (Max. 25 points)**
 - For a project to qualify as an energy replacement it must provide documentation on prior energy use.
 - For new construction the project may classify as energy replacement only if the applicant can document previous energy use from a facility of approximately the same size (+/- 10%).
 - Energy savings is determined by the projections in an energy assessment or audit.
- **Environmental Benefits (Max. 5 points)**
 - Maximum 5 points if applicant has documented in the application that the proposed project will have a positive effect on any of the three impact areas: resource conservation (e.g., water, soil, forest), public health (e.g. potable water, air quality), and environment (e.g., compliance with EPA/s renewable fuel standard(s), greenhouse gases, emissions, particulate matter).
- **Commitment of Funds (Max. 20 points)**
 - Maximum of 20 points if the applicant has written commitments from sources confirming commitment of funds for the project.



Grant Application Evaluation continued..

- **Size of the Ag Producer or Rural Small Business (Max. 10 points)**
 - Must provide additional documentation (e.g. tax returns or total employee count) to substantiate the score for this category.
- **Previous REAP Awards (Max. 15 points)**
- **Simple payback (Max. 15 points)**
- **State Director and Administrator Priorities & Points (Max. 10 points)**
 - Underrepresented technology
 - Geographic diversity
 - Unserved or under-served population
 - Presidential Initiative or Secretary of Agriculture priority
 - Project located in impoverished area, experiencing long-term population decline.

Application Process

| | |
|----------|--|
| CHECK | If not an agricultural producer, you must be considered a small business as defined by SBA. |
| CONTACT | Energy Coordinator: John W Antonio <ul style="list-style-type: none">• Application Type/ Forms –will provide• Check list of items• Questions |
| OBTAIN | Dun & Bradstreet Data Universal Numbering System (DUNS) Call 1-800-234-3867 |
| REGISTER | System for Award Management (SAM) Register your DUNS number at www.sam.gov (For grant and combo only) |
| APPLY | Applications compete for funding. Package it well Each form includes directions. Follow! |



20 Kw Photovoltaic Project
Project Cost- \$96,681
USDA REAP Grant- \$24,170



United States Department of Agriculture

Rural Business-Cooperative Service
Energy Programs

60 Kw PV System and PV Street Lighting

Project Cost: \$415,430

USDA Grant: \$103,857





United States Department of Agriculture

Rural Business-Cooperative Service
Energy Programs

19 Kw PV Solar System
Project Cost: \$79,000
USDA Grant: \$19,000





United States Department of Agriculture

Rural Business-Cooperative Service
Energy Programs

Energy Efficiency Project

Project Cost: \$3.4 Million
USDA Grant: \$250,000





United States Department of Agriculture

Rural Business-Cooperative Service
Energy Programs

50 Kw PV Solar System

Project Cost: \$180,000
USDA Grant: \$45,000





REAP Application Deadlines

| | |
|---|---|
| <ul style="list-style-type: none">• REAP Grant \leq \$20,000 (Restricted set aside) | <ul style="list-style-type: none">• October 31st• March 31st |
| <ul style="list-style-type: none">• REAP Grant $>$ \$20,000 Grant (Unrestricted)• REAP Loan & Grant Combinations | <ul style="list-style-type: none">• March 31st |
| <ul style="list-style-type: none">• REAP Guaranteed Loans | <ul style="list-style-type: none">• Year-round (continuous) |

If either October 31st or March 31st fall on a weekend or a federally observed holiday, the next Federal business day will be considered the last day for receipt of a complete application.



REAP Program Funding FY 16

| | <u>REAP Grants ≤\$20,000</u> | <u>REAP Grants Unrestricted</u> |
|-----------------|----------------------------------|-------------------------------------|
| Hawaii | \$141,000 | \$377,000 |
| Western Pacific | \$100,000 | \$250,000 |



United States Department of Agriculture



The End



John W Antonio

Energy Coordinator

154 Waiianuenue Avenue, Room 311

Hilo, HI 96720

(808) 933-8318; Fax (855) 878-2460

john.antonio@hi.usda.gov