

Welcome to the USDA Farm Bill (Sect. 9006) Grant Workshop

Havre Workshop hosted by the
North American Rural Futures
Institute (NARFI)

<http://narfi.org>





Rural Development

Creating Opportunity for Rural America



Agencies of USDA Rural Development

- **Rural Housing Service**
- **Rural Business-Cooperative Service**
- **Rural Utilities Service**



TITLE IX

ENERGY TITLE

| Section | Name |
|----------------|---|
| 9001 | – DEFINITIONS - (OCE). |
| 9002 | – FEDERAL PROCUREMENT OF BIOBASED PRODUCTS – (OCE). |
| 9003 | – BIOREFINERY DEVELOPMENT GRANTS - (RD) |
| 9004 | – BIODIESEL FUEL EDUCATION PROGRAM - (OCE) |
| 9005 | – ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM (RD) |
| 9006 | – RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS - (RD-RBS) |
| 9007 | – HYROGEN AND FUEL CELL TECHNOLOGIES - (OCE) |
| 9008 | – BIOMASS RESEARCH AND DEVELOPMENT – (NRE) |
| 9009 | – COOPERATIVE RESEARCH AND EXTENSION PROJECTS – (REE – CSREES) |
| 9010 | – CONTINUATION OF BIOENERGY PROGRAM – (CCC) |

Section 9006

- Final Rule Expected by Mid May - 2004
- Anticipate \$10 Million Grants
- Anticipate \$10 Million Budget Authority for Guaranteed Loans = \$190 Million in Loan Authority
- Grants & Guarantees awarded by September 2004



Two possible FY 04 developments

- Section 9011 – Renewable Energy Guarantee Loan Program
 - Focused on “large” loans (up to \$75M)
 - In Conference Committee
- Farm Bill - Title VI – Section 16 – Business and Industry Loans
 - Has been used for ethanol plants and DOE has provided tech review
 - Can be used for other renewable energy technologies



Renewable Energy Systems and Energy Efficiency Systems Grant Program

- 50% Participation with up to 25% Grant
- Rural Farmer, Rancher, or Small Business
- Minimum \$10,000 Grant
- Max \$250,000 Energy Efficiency Grant
- Max \$500,000 Renewable Energy Grant



Renewable Energy

- Energy from Wind, Solar, Biomass, Geothermal, or Hydrogen derived from Biomass or Water Using Wind, Solar, or Geothermal Energy Sources
- An eligible project can use up to 25% of total energy from a nonrenewable source



Energy Efficiency Improvements

- Improvements to an existing facility that must conserve energy equal to 15% of the last 12 months usage and pay for itself within 11 years or less through energy cost savings



Section 9006 Definitions

- Agricultural Producer
 - 50% or greater of Gross Income from Agricultural Production
- Rural Area
 - Communities under 50,000 population
 - Billings, Great Falls, and Missoula are over 50,000 population



Small Business

- Small Business Administration Standards
- Utilize NAICS
- Consider Parent, Affiliate, or Subsidiary Entities



Eligibility

- Must be Rural Ag. Producer or Small Business
- Demonstrate Financial Need
- U. S. Citizen or Majority Owned by U.S. Citizen



Project Eligibility

- Own and Control the Proposed Project
- Project can use up to 25% of Total Energy Input from a Nonrenewable Source
- Viable Projects – Not for Research
- Financial and Technical Feasibility



Eligible Uses

- Purchase and Install Equipment for Energy Generation
- Construction or Improvements
- Energy Audits
- Permits & Professional Service fees
- Feasibility Studies (For the Entire System)
- Business Plans
- Retrofitting



Ineligible Uses

- Land Acquisition
- Capital Leases
- Working Capital
- Residential Improvements
- Vehicles or Ag. Tillage Equipment
- Preparation of the Grant Application
- O & M, transportation
- Costs Paid Prior to an Application being Received



Leveraged Funds

- In- Kind Contributions and other Federal Grants may not be used to meet the 75% leverage requirement
- Applicants must provide verification of all leveraged funds.



Applications

- Forms and other items required by the Regulations to be published.
- A project specific feasibility study
- Interconnection agreement with electric utility
- Financial information
- Separate applications must be submitted for Renewable Energy and Energy Efficiency projects



Technical Requirements for Renewable Energy

- Narrative will include items requested in regulation such as:

Detailed Description of System

System Performance and Design Life

Use of Power & Energy

Project Costs and Timeline

- Prepared or certified by a qualified professional engineer if over \$100,000



Technical Requirements for Energy Efficiency

- Narrative will include items requested in regulation same as Renewable Energy and:

Energy Audit - prepared by an independent qualified individual

- Prepared or certified by a qualified professional engineer if over \$100,000



Planning and Performing Development

- ❖ Federal Procurement Regulations Apply
- ❖ Grantees may not construct the facility/project/improvement in total, or in part, or utilize its own personnel and/or equipment



Grant Disbursement

- Unless required by funding partners to be provided on a pro rata basis with other funding sources, *Grant funds will be dispersed after all other funding sources have been expended.*
- For Renewable Energy projects the final 10% of grant funds will be held back until construction is complete, the project is operational, and meets or exceeds the test run requirements.



2003 Applications

Technology

Applications

Awards

| | | |
|--------------------------------|-----|-------------|
| • Biomass – Anaerobic Digester | 34 | |
| • Biomass – Bioenergy | 16 | \$9,575,535 |
| • Wind – Large | 27 | |
| • Wind – Small | 10 | \$7,388,903 |
| • Geothermal | 2 | |
| • Solar | 6 | \$725,566 |
| • Building EE | ?? | |
| • Industrial EE | ?? | \$1,504,252 |
| • Hybrid Systems | 7 | \$2,112,977 |
| • Hydrogen | ? | \$400,000 |
| • TOTAL | 147 | \$21.7 M |

Further Information

www.rurdev.usda.gov/rbs/energy.htm

www.nrel.gov/usda/

See Handout on Additional Resources



Thank you.

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