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## Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

# Section 9006 Program: Rural Energy Efficiency Renewable Energy Projects

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## Slide 1

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gary.mack, 9/22/2005



## Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

### Outline

- **What is the USDA Section 9006 Loan and Grant Program?**
- **Who are eligible applicants?**
- **What are eligible projects?**
- **Project Opportunities**
  - **Examples of Arizona Projects**
  - **2007 Farm Bill, Section 9008 R&D**
- **Guaranteed Loan Program**
- **Web Site**





## Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

### What is the Section 9006 Program?

- Renewable Energy and Energy Efficiency Loans and Grants under the U.S. Department of Agriculture
- Program designed to assist farmers, ranchers and rural small businesses with energy projects
- CFR 4280 published in July 2005 provides for renewable energy grants and loan guarantees
- Congress has funded the program at \$22.8 million per year for the first four years.
- The 2007 Farm Bill is anticipated to significantly raise funding levels for renewable projects.



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### Who is Eligible?

- **Rural small businesses and agricultural producers 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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\* Also see the NOFA published in the Federal Register 2/13/2006



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### Who is Eligible?

- **Small Business** – Must meet Small Business Administration (SBA) small business size standards. Must be either:
  - A private entity including a sole proprietorship, partnership, corporation, cooperative (including a cooperative qualified under section 501(c)(12) of the Internal Revenue Code), or
  - 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/indexableofsize.html](http://www.sba.gov/size/indexableofsize.html)
  - Non-profits are excluded.
- Applicant must demonstrate financial need
- Rural small business must be located in a rural area.
- Applicant must meet citizenship/legal status requirements.



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### What Projects are Eligible?

- Renewable energy and energy efficiency projects
- 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 sufficiency revenues to provide for operation and maintenance
  - Energy Efficiency limited to existing buildings
- The applicant must be the owner of the project and control the operation and maintenance of the proposed project.



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### What Projects are Eligible?

- Grants request can be up to 25% of project costs
  - Minimum grant request: \$2,500
  - Renewable Energy:
    - **Maximum grant request: \$500,000**
  - Energy Efficiency
    - **Maximum grant request: \$250,000**





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# Renewable Energy Examples

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



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# Sample Projects by Technology

- Energy Efficiency
  - Lighting, HVAC, refrigeration, insulation, motors (large)
    - Enormous opportunity for small businesses
- Small wind
  - Farm-power, water pumping (large)
- Geothermal
  - Direct use (limited)
  - Ground source heat pumps (large)
- Solar
  - Farm-power, water pumping, system monitoring/control

### Example: Snowflake White Mountain Power:

- 25 megawatt biomass electric generation from the 450,000 acre Rodeo-Chedeski forest fire



## **Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006**

### **Guaranteed Loan Program – Basic Guidelines**

**Two different application packages to provide financial assistance to purchase and install renewable energy systems in rural areas:**

- **There is an application package for loans greater than \$600,000 and one for loans < \$600,000 (Simplified Application Process)**
- **Can have a combo guaranteed loan and grant up to 10 million;**

**Percentage of Guarantee to the bank or investor:**

- **85% for loans of \$600,000 or less;**
- **80% for loan greater than \$600,000 up to and including \$5 million;**
- **70% for loan greater than \$5 million up to and including \$10 million.**
- **The fee charged by the Agency is 1% multiplied by the percent of guarantee multiplied by the loan amount.**



## **Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006**

### **Guaranteed Program – How to start**

- **An eligible business or agricultural producer must find a lender interested in renewable energy and/or energy efficiency projects;**
- **Technical report completed for the specific type of RE system and/or a business level feasibility study may be required;**
- **The applicant and the lender should contact Rural Development to discuss program requirements early in the application process;**
- **All applications are reviewed by the National Renewable Energy Laboratory (NREL)**



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## Website

USDA Rural Development

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Business and Cooperative Programs

**2002 Farm Bill Initiative: The Renewable Energy and Energy Efficiency Program**  
USDA Farm Bill Section 9006

**Farm Bill Section 9006**

**NEWS:** On October 5, 2004 the USDA Rural Development Business Programs published a Notice Of Proposed Rule Making for its Renewable Energy and Energy Efficiency Program. We are providing a copy of the actual notice in [PDF](#), [text-version](#) and a user friendly copy in [HTML](#) format.

**NEWS:** On November 15, 2004 the USDA Rural Development Business Programs published a notice in the Federal Register extending the deadline for submitting comments on the Proposed Rule Making for its Renewable Energy and Energy Efficiency Program to December 15, 2004. We are providing a copy of the notice in [text versions](#).

- Program Overview
- Solicitation
- State USDA Contacts
- Application Forms
- Tools and Resources
  - Sample Application
  - Technical Guidance
  - Outreach Materials



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[www.rurdev.usda.gov/rbs/farmbill/](http://www.rurdev.usda.gov/rbs/farmbill/)