



⚡ RENEWABLE ENERGY ⚡ Grants for farms & rural businesses "Section 9006" Program (\$9006)

Grants for renewable energy projects – wind, solar, biomass, biofuels, geothermal, & anaerobic digesters

The §9006 program provides grants (& loan guarantees) to rural small businesses & agricultural producers for **up to 25% of the cost** to purchase & install renewable energy generation systems. *Energy efficiency projects (which are discussed in a separate information sheet) are also eligible for assistance under this program.*

Funds available

In FY2007, **over \$19.1 million** in §9006 grants were awarded.

Grant size: \$500,000 maximum (\$2,500 minimum) per project – cannot exceed 25% of total project cost.

Eligible applicants

Rural small businesses – “**Rural**” means the project is not located in a Census-defined Metropolitan Statistical Areas (i.e., outside the Portland, Salem, Eugene, Medford, & Bend MSA’s). “**Small**” is as defined by SBA and depends on business type – typically <500 employees & revenue <\$6.5 million. SBA defines “small” power generators as producing <4 million MW-hrs/yr; biofuel manufacturers with <1,000 employees.

Agricultural producers (including *nurseries & dairies*) – individuals or business entities receiving at least 50% of gross income from agriculture. (The SBA-“small business” limitation does not apply to ag producers.)

Preference is given to “very small businesses” – those with <15 employees & <\$1 million in annual receipts.

The applicant must have a demonstrable financial need for the grant assistance.

Majority ownership must be held by US citizens or permanent residents.

Nonprofits & public projects are not eligible. Utilities are typically excluded from eligibility.

Eligible purposes

Purchase and installation **in a rural location** of a renewable energy generating system, limited to the following:

1. Biomass, bio-energy – producing fuel (e.g., biodiesel, ethanol), thermal energy, or electric power from a biomass source (crops, trees, wood, plants, & their residues and fats, oils, & greases, but excluding animal waste, paper, & unsegregated solid waste)
2. Biomass, anaerobic digesters – producing thermal energy or electric power via anaerobic digestion using animal waste & other organic substrates
3. Geothermal, electric generation – electric power from the thermal potential of a geothermal source
4. Geothermal, direct use – producing thermal energy directly from a geothermal source
5. Hydrogen – renewable energy systems using hydrogen as an energy transport medium
6. Solar, small – electric projects with rated power ≤ 10 kW; thermal projects with rated storage ≤ 240 gallons
7. Solar, large – electric projects with rated power >10 kW; thermal projects with rated storage >240 gallons
8. Wind, small – systems with a ≤ 100 kW-rated wind turbine & with a generator hub height of ≤ 120 feet
9. Wind, large – systems with a >100 kW-rated wind turbine

Strong preference is given for technology that is “**commercially available**” – i.e., that has a proven operating history and has an established design, installation, & service industry. *Pre-commercial technologies* – i.e., those that have emerged through the R&D process and have commercial potential – may qualify, but require substantially more documentation. Experimental or R&D projects are not eligible.

The applicant must own & control the system, though a qualified third-party may be engaged to operate it.

Authorized uses

- Renewable energy **machinery & equipment** – purchase & installation (including reimbursement for these costs only if the costs were incurred *after* submitting your application).
- Renewable energy **real estate improvements** – materials & construction (including reimbursement for these costs only if the costs were incurred *after* submitting your application).
- **Feasibility studies, technical/engineering reports**, permits, professional fees, & business plans (including reimbursement for such costs whether incurred *before or after* application date).

Recent examples. In FY2007, Oregonians received grants for 3 farm-based, “large wind” projects (1.8 MW) and for 2 farm-based, “small wind” projects (10 kW wind turbines).

Application process

“*Simplified*” applications are allowed for projects seeking ≤\$50,000 grant & with ≤\$200,000 total project cost, and only for proposals using commercially-available technologies.

Grants are awarded twice a year via a national competition. USDA only accepts applications during this time.

The deadlines for submitting FY2008 applications are April 15 and June 16, 2008.

Additional requirements

Matching funds – 75% of the project cost must come from non-Federal funds. “In-kind” contributions from third parties of up to 10% of the project cost may be counted toward the match. “In-kind” contributions from the applicant receive no credit toward the match.

Feasibility study – a detailed, project-specific study by an *independent* consultant is required on projects costing >\$200,000.

Technical report – a detailed, project-specific report, including engineering drawings & process flow charts, by a *professional engineer (PE)* is required. (Projects costing <\$200,000 may be exempt from PE requirement.)

Established market for energy to be generated – projects to be interconnected with an electric utility must have an *interconnection agreement* (or letter of intent) or *power purchase agreement* at the time of application.

Interim financing – Grant funds are typically disbursed when the project is complete, tested, & certified operational.

Priority Point System

§9006 applications are competitively chosen for funding based on the following weighted selection criteria:

Max Points	Grant selection criteria
15	Energy replaced, saved, or generated (Up to 15 pts for net-metered; 10 pts for generation projects)
10	Environmental benefits – the project helps meet state environmental goals (true for Oregon)
10	Commercial availability of the system (max points for improvements with a 5+ year warranty)
10% of 35pts	Technical merit score – qualifications of the project team
5% of 35pts	Technical merit score – agreements & permits
10% of 35pts	Technical merit score – energy or resource assessment
30% of 35pts	Technical merit score – design & engineering
5% of 35pts	Technical merit score – project development schedule
20% of 35pts	Technical merit score – financial feasibility
5% of 35pts	Technical merit score – equipment procurement
5% of 35pts	Technical merit score – equipment installation
5% of 35pts	Technical merit score – operations & maintenance
5% of 35pts	Technical merit score – decommissioning
15	Readiness (max points if all other funding sources have already given written commitment)
10	“Smallness” of applicant (max points if <\$1 MM gross revenue for business, <\$200,000 for farms)
5	“Small” project (i.e., ≤ \$50,000 grant & ≤ \$200,000 project) using simplified application
5	No previous §9006 award to applicant within last 2 years
10	Time for project to repay cost of investment (max points if simple payback in <4 years)

Shaded points are awarded by independent technical review committees; other points awarded by USDA.

Helpful links

Additional §9006 information is on-line at: <http://renewable.ruralOregon.biz>

Other Oregon state funding incentives: www.oregon.gov/ENERGY/RENEW/programs.shtml

For more information, for an easy-to-use application template, or to get on our §9006 notification list:

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