



United States Department of Agriculture
Rural Development - Texas

Rural Energy for America Program (REAP) 10 Frequently Asked Questions

Questions	Answers
1 What is the Rural Energy for America Program (REAP)	The Rural Energy for America Program (REAP) is a <u>competitive</u> program which provides grants and loan guarantees for agricultural producers and rural small businesses to help purchase renewable energy systems, make energy efficiency improvements and perform renewable energy feasibility studies. Applications are scored and higher scores are funded.
2 What are the Benefits?	Qualifying projects can receive a 25% grant towards the total eligible cost. The REAP program also includes a loan guarantee component which can be used to encourage your bank to make you a loan.
3 Who is Eligible?	Eligible applicants include agricultural producers who receive at least 50 percent of their gross income from agriculture and rural small rural businesses. To be eligible, you must be actively involved in the business and the proposed project.
4 What Is a Rural Small Business?	“Rural” means a community of fewer than 50,000 people not located within a larger metropolitan area. The definition of “small business” is based on the Small Business Administration’s criteria based on the type of business. See http://www.sba.gov/sites/default/files/Size_Standards_Table.pdf
5 What is the Minimum and Maximum Grant Amount?	For Energy Efficiency projects , the minimum grant amount is \$1,500 and the maximum grant amount is \$250,000 . For Renewable Energy systems , the minimum grant amount is \$2,500 and the maximum grant amount is \$500,000 . For Feasibility Studies , the maximum grant amount is \$50,000 . <u>No grant can exceed 25% of total project or study cost</u> . The remaining 75% must come from non-federal sources including loans, investors, your own assets or any available state or local grants.
6 What Types of Projects are Eligible?	Energy Efficiency: Any projects that save energy (electricity, propane or natural gas, or diesel fuel) are eligible. Examples include dairy pumps and cooling systems, HVAC systems, grain dryers, weatherization of poultry houses, efficient lighting and ventilation, irrigation equipment, industrial motors and supermarket refrigeration systems. Energy Efficiency must provide energy assessment or energy audit based on cost. Renewable Energy systems can include small and large wind turbines, active or passive solar energy systems, geothermal heating and cooling, anaerobic digesters using food or livestock waste, systems using or producing biomass fuels, or facilities producing ethanol or biodiesel. For renewable energy systems, only proven, commercially available technology is eligible. May have a primary purpose of production of energy for sale Retail Flex Fuel Pumps may also qualify for small businesses. Feasibility Studies: Business studies for the feasibility of renewable energy systems are eligible to receive grants under REAP. You cannot apply for a feasibility study grant and funding to implement the project in the same year.
7 What Are the Minimum/Maximum Guaranteed Loan Amounts?	The minimum guaranteed loan is \$5,000 (less any program grant amount) and the maximum loan guarantee is \$25 million. The amount of any combined grant and guaranteed loan must not exceed 75 percent of total eligible project costs.
8 When are applications accepted?	Applications are accepted year round. We encourage potential applicants to start planning their project as soon as possible. The Notice of Funding Availability usually comes out in spring each year. Grants are generally awarded in late summer.
9 When can I purchase the renewable energy system or make energy efficiency improvements?	A complete REAP application must be received by USDA before any cost of the project is incurred.
10 How do I apply?	You can locate your local USDA Rural Development Area Office at: http://www.rurdev.usda.gov/TX_Contacts.html REAP Application information is available at http://www.rurdev.usda.gov/TX_Energy.html

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