



NEWS RELEASE

United States Department of Agriculture – Rural Development

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USDA ANNOUNCES NOTICE OF FUNDING AVAILABILITY FOR ENERGY EFFICIENCY AND RENEWABLE ENERGY LOANS AND GRANTS

WEST LAFAYETTE, Indiana., March 21, 2007 - Agriculture Secretary Mike Johanns announced today the availability of \$176.5 million in loan guarantees and \$11.4 million in grants to support investments in renewable energy and energy efficiency improvements by agricultural producers and small businesses.

“By promoting energy efficiency and development of energy sources that are farm based and renewable, we’re taking another step toward achieving the President’s goal of reducing America’s gasoline consumption by 20 percent in ten years,” said Johanns. “We hope to dramatically expand renewable energy programs like these, as reflected in our 2007 farm bill proposals.”

The Renewable Energy and Energy Efficiency loan and grant program was established under Section 9006 of the 2002 Farm Bill. It provides loan guarantees and grants to agricultural producers and rural small businesses for the purchase and installation of renewable energy systems or for energy efficiency improvements.

Loan guarantees cover up to 50 percent of a project’s cost, not to exceed \$10 million. Grants are available for up to 25 percent of a project’s cost, not to exceed \$250,000 for energy efficiency improvements and \$500,000 for renewable energy systems. These loans and grants are expected to reduce greenhouse gas emissions by 0.97 million metric tons, replace 821 million barrels of foreign oil and generate almost 2 million kilowatt hours of electricity annually. USDA has funded more than 800 loans and grants since the renewable energy program began in FY 2003.

The Administration’s farm bill proposals recommend a more than \$1.6 billion increase in renewable energy related funding. This includes a \$2.1 billion loan guarantee program, a \$500 million bioenergy and bioproducts research program, \$500 million for alternative energy and energy efficiency grants, and other initiatives. Details are available at www.usda.gov/farmbill.

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The President's FY 2008 budget proposal for USDA includes \$397 million for energy projects, an increase of \$161 million over FY 2007. Part of the increase, \$132 million, is sought for renewable energy loans and grants. The remainder is sought to fund research and development activities to enhance bioenergy feedstocks and improve conversion technologies for cellulosic ethanol.

Applications for grants must be completed and submitted to the California USDA Rural Development state office postmarked no later than May 18. The deadline for submitting loan applications as well as for loan and grant combinations is July 2. For more information, refer to the announcement in the March 22 Federal Register or contact the California Rural Development state office at (530) 792-5800. Further information on rural programs is available at one of California's 25 local USDA Rural Development offices or by visiting <http://www.rurdev.usda.gov/ca>.

USDA Rural Development's mission is to deliver programs in a way that will support increasing economic opportunity and improve the quality of life of rural residents. As a venture capital entity, Rural Development has invested more than \$76.8 billion since the beginning of the Bush Administration to provide equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure. As a result, more than 1.5 million jobs have been created or saved through these investments.

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"Committed to the future of rural communities"
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