

# United States Department of Agriculture Rural Development



## Renewable Energy Systems and Energy Efficiency Improvements Grant Program



### OBJECTIVE

The program is designed to help agricultural producers and rural small businesses reduce energy costs and consumption and help meet the nation's critical energy needs. In order to be eligible for grant funds, the agricultural producer or rural small business must demonstrate financial need. The grant request can not exceed 25 percent of the eligible project costs.

### ELIGIBLE APPLICANTS

Agricultural Producer – An individual or entity directly engaged in the production of agricultural products, including crops (including farming); livestock (including ranching); forestry products; hydroponics; nursery stock; or aquaculture, whereby 50 percent or greater of their gross income is derived from the operations.

Small Business – A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501(c)(12) of the Internal Revenue Code) but excluding any private entity formed solely for a charitable purpose, and which private entity is considered a small business concern in accordance with the Small Business Administration's Small Business Size Standards by North American Industry Classification System (NAICS) Industry found in 13 CFR 121; provided the entity has 500 or fewer employees and \$20 million or less in total annual receipts including all parent, affiliate, or subsidiary entities at other locations.

Individual applicants must also be citizens of the United States (U.S.) or reside in the U.S. after being legally admitted for permanent residence. Entities must also be at least 51 percent owned, directly or indirectly, by individuals who are either citizens of the U.S. or reside in the U.S. after being legally admitted for permanent residence.

The applicant must also have demonstrated financial need.

### ELIGIBLE AREA

Any rural area other than a city or town that has a population of greater than 50,000 inhabitants, and the urbanized area contiguous and adjacent to such a city or town. Both the applicant and project must be in a rural area.

### NON-FEDERAL MATCH REQUIREMENT

Grant funds may be used to pay up to 25 percent of the eligible project costs. Therefore, the applicant must provide at least 75 percent of the funds needed to complete the project. These other funding sources must be committed. In-kind contributions and other Federal grants may not be used to meet the 75 percent requirement.

### GRANT AMOUNTS

All applications must be for a minimum grant request of \$10,000, but no more than \$500,000 for renewable energy systems and no more than \$250,000 for energy efficiency improvements.

## **PROJECT ELIGIBILITY**

The proposed project must be for the purchase of a renewable energy system or to make energy efficiency improvements.

A renewable energy system is a process that produces energy from a renewable energy source. Renewable energy is energy derived from a wind, solar, biomass, or geothermal source or hydrogen derived from biomass or water using wind, solar, or geothermal energy sources. Biomass is any organic material that is available on a renewable or recurring basis including agricultural crops; trees grown for energy production; wood waste and wood residues; plants, including aquatic plants and grasses; fibers; animal waste and other waste materials; and fats, oils, and greases, including recycled fats, oils, and greases. It does not include paper that is commonly recycled or unsegregated solid waste. Hydro generation systems are not eligible.

Energy efficient improvements are improvements to a facility or process that reduce energy consumption. Energy efficient improvements projects must conserve energy equal to 15 percent of at least the last 12 months usage and pay for itself within 11 years or less through energy cost savings.

Grant funds are not research and development; therefore, will only be used for commercially available systems or pre-commercial technology. Pre-commercial technology are technologies that have emerged through the research and development process and have technical and economic application in commercial energy markets but are not yet commercially available. Energy savings must be supported by an independent energy audit.

## **ELIGIBLE USES OF GRANT FUNDS**

1. Purchase and installation of equipment;
2. Construction or improvements;
3. Energy audits;
4. Permit fees;
5. Professional service fees;
6. Feasibility studies;
7. Business plans, and
8. Retrofitting.

## **INELIGIBLE USES OF GRANT FUNDS**

1. Land acquisition;
2. Capital leases;
3. Working capital;
4. Residential improvements;
5. Agricultural tillage equipment;
6. Vehicles;
7. Preparation of the grant application;
8. Waste collection;
9. Funding of political or lobbying activities;
10. Operating, maintaining, routine repairs, or fuel costs for biogas or biomass renewable energy projects;
11. Production, collection, and transportation of energy inputs;
12. Construction of a new facility except when the new facility is used for the same purpose, is approximately the same size, and, based on the energy audit, will provide more energy savings than improving an existing facility. Only the items identified in the energy audit of the existing facility will be eligible for funding. (pertains to energy efficiency projects only); and
13. Costs paid prior to an application being received by RBS except for predevelopment costs such as energy audits, feasibility studies, business plans, permit fees, or architectural and engineering fees.

## TECHNICAL REQUIREMENTS/ENGINEER REPORTS

Detailed technical reports are required for all proposals. A qualified professional engineer must certify the report for projects exceeding \$100,000 in total project costs.

A project-specific feasibility study prepared by a qualified independent consultant will be required for renewable energy system projects.

A energy audit prepared by an independent qualified entity/individual is required for all energy efficiency improvement projects.

A general contractor or a turnkey provider must perform all development. Grantees are not authorized to perform any development.

## INQUIRIES

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Rural Development is an Equal Opportunity Lender, Provider, and Employer.

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