



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

Grants for energy efficiency measures – e.g., lighting, heating, cooling, insulation, & pump improvements

The §9006 program provides grants (& loan guarantees) to rural small businesses & agricultural producers for **up to 25% of the cost** of making energy efficiency improvements to their facilities. *Renewable energy generation 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. Energy efficiency projects are very competitive.

In FY2006, two-thirds of all grants went to energy efficiency projects (average size, \$17,350).

Grant size: **\$250,000 maximum** (\$1,500 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.

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 & installation **in a rural location** of non-residential **energy efficiency improvements** to a building or process resulting in reduced energy consumption.

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

- Energy-efficient fixtures, **machinery & equipment** (new or refurbished) – both purchase & installation (including reimbursement for these costs only if the costs were incurred *after* submitting your application).
 - » Vehicles & farm equipment are ineligible
- Energy-efficient **real estate improvements** – both materials & construction (including reimbursement for these costs only if the costs were incurred *after* submitting your application)
 - » New facilities are ineligible unless they exactly *replace* an existing inefficient facility in the same size & purpose. Furthermore, the §9006 assistance is limited to costs directly attributed to energy efficiency improvements over & above conventional design and as supported by an energy audit.
- **Energy audits**, permits, professional fees (except application packaging), feasibility studies, & business plans (including reimbursement for such costs whether incurred *before or after* applying)

Application process

"**Simplified**" **applications** are allowed for projects seeking ≤ \$50,000 grant & with ≤ \$200,000 total project cost. 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.](#)

Recent examples. In FY2007, Oregonians received grants for efficient irrigation pumps on a grain farm, heater & greenhouse glazing retrofits at a commercial nursery, and improved cooling for a refrigerated storage facility.

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.

Energy audit – a report by an independent, professional, qualified party (such as a Certified Energy Manager) is required with the application. (Applications for <\$50,000 are exempt from this requirement, but receive extra priority points for meeting it.) The audit must address current energy use, recommended improvements & costs, energy savings from the improvements, dollars saved per year, and weighted-average payback in years.

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 saved (max points for projects with $\geq 35\%$ energy savings)
5	Professional energy audit obtained (these points are given only if total project cost is \leq \$50,000)
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 savings audit/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., \leq \$50,000 grant & \leq \$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.

GET STARTED NOW!

1. Obtain an independent, professional energy audit. Contact your utility for suggestions.
2. Decide which energy efficiency improvements to adopt & determine approximate cost.
3. Line up other incentives. Most utilities have them – www.energytrust.org/ or www.bpa.gov/energy/n/ – and Oregon has *excellent* State incentives too – www.oregon.gov/ENERGY/CONS/BUS/bushome.shtml
4. Apply for §9006 grant. Contact USDA to obtain an easy-to-use application template.
5. USDA announces §9006 awards, usually in late summer. Once your application is submitted, you may proceed with the project. (The grant may reimburse post-application costs *only* if your application is chosen.)

Helpful links

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

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

Energy Efficiency Coordinator	Martin Zone	Portland	503-414-3361	martin.zone@or.usda.gov
§9006 Program Coordinator	Don Hollis	Pendleton	541-278-8049 x129	don.hollis@or.usda.gov
State Office	Jeff Deiss	Portland	503-414-3367	jeff.deiss@or.usda.gov