



## Rural Development – Oregon

Business & Cooperative Programs

[www.RuralOregon.biz](http://www.RuralOregon.biz)

or

[www.rurdev.usda.gov/or/biz.htm](http://www.rurdev.usda.gov/or/biz.htm)

1201 NE Lloyd Blvd., Ste. 801  
Portland, OR 97232

Phone: (503) 414-3366

TDD: (503) 414-3387

Fax: (503) 414-3397

## ⚡ RENEWABLE ENERGY ⚡ Grants for farms & rural businesses

### REAP Program (Rural Energy for America Program)

#### Grants for renewable energy projects – wind, solar, biomass, biofuels, micro-hydro, geothermal, & anaerobic digesters

The REAP 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 FY2008, **over \$34 million** in REAP grants were awarded. **Over \$50 million may be available in FY2009.**

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

Preferred size: Grants of ≤ \$20,000 are strongly favored.

#### 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.*

#### 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
10. Hydroelectric – electric power from micro-hydro projects
11. Ocean – energy generation from tidal, wave, current, & thermal sources – but not for R&D technologies

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 FY2008, 18 Oregonians received energy grants – for various solar PV projects (5.7-20 kW), a solar hot water project, a “small wind” project (10 kW wind turbine), & a biodiesel operation.

**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 certain periods. **Applications are now being accepted. The FY2009 deadline is July 31, 2009.**

**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.

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**

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

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

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

**Helpful links**

Additional REAP and other energy funding program information is on-line at: <http://energy.ruraloregon.biz>

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

REAP Program Coordinator	Don Hollis	Pendleton	541-278-8049 x129	<a href="mailto:don.hollis@or.usda.gov">don.hollis@or.usda.gov</a>
State Office	Jeff Deiss	Portland	503-414-3367	<a href="mailto:jeff.deiss@or.usda.gov">jeff.deiss@or.usda.gov</a>