



Committed to the future of rural communities.

## USDA Rural Development Energy Programs

America's 21st century energy landscape presents needs that are greater than ever before. We face new challenges to reduce dependence on imported oil; to improve the environment; and to make clean, sustainable and affordable energy alternatives available to businesses. USDA Rural Development is helping to lead the way in the agriculture sector – finding energy solutions in our fields and helping rural residents and communities access renewable energy systems and use energy more efficiently. USDA Rural Development provides funding for the development and commercialization of renewable energy sources – including wind, solar, geothermal, hydrogen, ocean waves, hydroelectric, biomass, and biofuel (ethanol, biodiesel, etc.) – to change the way people power their cars, homes, businesses, and industries. By making renewable energy sources commercially viable, USDA Rural Development is also creating sustainable opportunities for wealth, new jobs, and increased economic activity in rural America.

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

(Formerly the Renewable Energy Systems and Energy Efficiency Improvements Program.) Provides loan guarantees and grants to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy-efficiency improvements. Renewable energy systems include those that generate energy from wind, the sun, biomass, geothermal sources, or that produce hydrogen from biomass or water using renewable energy, and ocean and hydroelectric source technologies. Energy-efficiency projects typically involve installing or upgrading equipment to significantly reduce energy use. Energy audits and feasibility studies are also eligible for assistance. Eligible applicants for energy audits include State, tribe, or local governments; land-grant colleges and universities; rural electric cooperatives; and public power entities. Eligible applicants for feasibility studies include rural small businesses and agricultural producers.

### ***Value-Added Producer Grant Program***

Provides grants for planning activities and for working capital for marketing value-added agricultural products, and for farm-based renewable energy. Priority is given to applicants who have at least 51 percent of project costs dedicated to activities for a bioenergy project. Eligible applicants include independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.

### ***Business and Industry (B&I) Guaranteed Loan Program***

Provides financial backing for rural businesses through guarantees up to 80 percent of a loan made by a commercial lender. Loans may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. Biobased, bioenergy, and other qualified energy projects may be financed through the program for technologies that convert biomass into affordable, commercially proven electricity, fuel chemicals, pharmaceuticals, and other materials in cost-competitive ways for large national and international markets.

### ***Biomass Research and Development Program***

Provides funding for research, development, and demonstration of technologies and processes leading to significant commercial production of biofuels, biobased energy innovations, development of biobased feedstocks, biobased products, and other such related processes including development of cost-competitive cellulosic ethanol. Eligibility is limited to institutions of higher learning, national laboratories, Federal or State research agencies, private sector entities, and nonprofit organizations.

### ***Biorefinery Assistance Program***

Provides loan guarantees to viable commercial-scale facilities and grants to demonstration-scale facilities to develop new and emerging technologies for advanced biofuels. Eligible entities include Indian tribes, State or local governments, corporations, farmer co-ops, agricultural producer associations, higher education institutions, rural electric co-ops, public power entities, or consortiums of any of the above.

### ***Repowering Assistance Program***

Provides payments to biorefineries that use fossil fuels to produce heat and power to replace the fossil fuels with renewable biomass. To be eligible, the biorefineries must have been in existence as of June 18, 2008, and applicants must demonstrate the economic, technical, and environmental feasibility of the proposed biomass system.

## ***Bioenergy Program for Advanced Biofuels***

Provides payments to producers to support and expand production of advanced biofuels refined from sources other than cornstarch. To be eligible, producers must enter into a contract with USDA Rural Development for advanced biofuels production and submit records to document such production.

## ***Other Business-Oriented Programs***

Qualified energy-efficiency projects may be assisted through the **Rural Business Enterprise Grant Program**, which facilitates development of small and emerging private rural business enterprises; the **Rural Businesses Opportunity Grant Program**, which sustains economic development in rural communities with exceptional needs; and the **Rural Economic Development Loan and Grant Program**, which provides zero-interest loans and/or grants for sustainable rural economic development and job creation projects for Rural Development electric and telephone utility loan borrowers. Applicants for these programs should contact their local Rural Development Energy Coordinator.

## ***Cooperative Programs' Energy Research***

Conducts and oversees a range of research related to the economics and business of renewable energy. The research provides a greater understanding of business options, market conditions, and policy implications of renewable fuels for renewable energy investors, entrepreneurs, business assistance providers, and policy makers.

## ***Direct and Guaranteed Electric Loan Program***

Provides financing to eligible nonprofit utility organizations, such as electric co-ops and public utility districts, to develop renewable energy, hydroelectric, biomass, photovoltaic, and wind-powered renewable energy projects developed by Electric Program loan borrowers. In addition to on- and off-grid renewable energy systems, the loan and loan guarantees may also be used to finance energy conservation programs.

## ***High Energy Cost Grants Program***

Provides financing to energy generation, transmission and distribution facilities that serve communities with average home energy costs exceeding 275 percent of the national average. Grant funds may be used for on- and off-grid renewable energy projects, energy efficiency, and energy conservation projects serving eligible communities.

## ***Residential Energy Programs***

The **Rural Energy Plus Program** provides additional incentives to certain low- and moderate-income families, who might not otherwise qualify for homeownership, to purchase an energy-efficient home. The **Home Repair and Preservation Program** provides assistance to low- and very low-income rural homeowners for critical home improvements, including weatherization, insulation and new heating systems. USDA Rural Development also provides **Housing Preservation Grants** to sponsoring organizations or rental property owners for the repair or rehabilitation of low- and very low-income multi-family housing, including energy efficiency upgrades.

### ***See Also:***

- *Business Programs* (Fact Sheet PA 1589)
- *Assistance for Rural Electric Utilities* (Fact Sheet PA 1789)

### ***For More Information:***

Visit the USDA Rural Development Web site at <http://www.rurdev.usda.gov> or call **(800) 670-6553**. Or contact your nearest USDA Rural Development State office or USDA Service Center. These are usually listed in telephone books under "U.S. Government, Department of Agriculture."

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