



⚡ RENEWABLE ENERGY ⚡ Grants for farms & rural businesses REAP Program * (Rural Energy for America Program)

*** PLEASE NOTE:** This overview is largely based on RD's §9006 program, which the 2008 Farm Bill reauthorized, revised, & renamed "REAP". **Final regulations on the new REAP program are still pending, so changes are possible.**

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.**

Eligible applicants

Rural small businesses – “**Rural**” means the project is not located in a Census-defined Metropolitan Statistical Areas. “**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).

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. [The window for submitting applications in FY2009 has not yet been announced.](#)

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:

Max Points	Grant selection criteria
15	Energy replaced, saved, or generated (Up to 15 pts for net-metered; 10 pts for generation projects)
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 or resource 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., ≤ \$50,000 grant & ≤ \$200,000 project) using simplified application
5	No previous REAP 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.

For more information, contact Rural Development State Office at (254) 742-9780