

9/23/09



Federal Incentives/Policies for Renewables & Efficiency

USDA - Rural Energy for America Program (REAP) Grants

Last DSIRE Review: 05/27/2009

Incentive Type: Federal Grant Program

State: Federal

Eligible Efficiency

Technologies: Yes; specific technologies not identified

Eligible Renewable/Other Technologies: Solar Water Heat, Solar Space Heat, Solar Thermal Electric, Photovoltaics, Wind, Biomass, Hydroelectric, Renewable Transportation Fuels, Geothermal Electric, Geothermal Heat Pumps, CHP/Cogeneration, Hydrogen, Direct-Use Geothermal, Anaerobic Digestion, Small Hydroelectric, Tidal Energy, Wave Energy, Ocean Thermal, Renewable Fuels, Fuel Cells using Renewable Fuels, Microturbines

Applicable Sectors: Commercial, Schools, Local Government, State Government, Tribal Government, Rural Electric Cooperative, Agricultural, Public Power Entities

Amount: Varies

Max. Limit: 25% of project cost

Web Site: <http://www.rurdev.usda.gov/rbs/busp/bprogs.htm>

Authority 1: [7 USC § 8106](#)

Date Enacted: 5/13/2002

Date Effective: FY 2003

Summary:

NOTE: The U.S. Department of Agriculture's Rural Development has issued a Notice of Solicitation of Applications for the Rural Energy for America Program (REAP). The deadline to apply for grants and loan guarantees under this solicitation is July 31, 2009. Grants and loan guarantees will be awarded for investments in renewable energy systems, energy efficiency improvements and renewable energy feasibility studies.

The Food, Conservation, and Energy Act of 2008 (H.R. 2419), enacted by Congress in May 2008, converted the federal Renewable Energy Systems and Energy Efficiency Improvements Program,* into the Rural Energy for America Program (REAP). Similar to its predecessor, the REAP promotes energy efficiency and renewable energy for agricultural producers and rural small businesses through the use of (1) grants and loan guarantees for energy efficiency improvements and renewable energy systems, and (2) grants for energy audits and renewable energy development assistance. Congress has allocated funding for the new program in the following amounts: \$55 million for FY 2009, \$60 million for FY 2010, \$70 million for FY 2011, and \$70 million for FY 2012. REAP is administered by the U.S. Department of Agriculture (USDA).

Of the total REAP funding available, 96% is dedicated to grants and loan guarantees for energy efficiency improvements and renewable energy systems. These incentives are available to agricultural producers and rural small businesses to purchase renewable energy systems (including systems that may be used to produce and sell electricity), to make energy efficiency improvements, and to conduct relevant feasibility studies. Eligible renewable energy projects include wind, solar, biomass and geothermal; and hydrogen derived from biomass or water using wind, solar or geothermal energy sources. These grants are limited to 25% of a proposed project's cost, and a loan guarantee may not exceed \$25 million. The combined amount of a grant and loan guarantee may not exceed 75% of the project's cost. In general, a minimum of 20% of the funds available for these incentives will be dedicated to grants of \$20,000 or less. The USDA likely will announce the availability of funding for this component of REAP through a Notice of Funds Availability (NOFA).

The USDA will also make competitive grants to eligible entities to provide assistance to agricultural producers and rural small businesses "to become more energy efficient" and "to use renewable energy technologies and resources." These grants are generally available to state government entities, local governments, tribal governments, land-grant colleges and universities, rural electric cooperatives and public power entities, and other

entities, as determined by the USDA. These grants may be used for conducting and promoting energy audits; and for providing recommendations and information related to energy efficiency and renewable energy. Of the total REAP funding available, 4% is dedicated to competitive grants to provide assistance to agricultural producers and rural small businesses.

** The Renewable Energy Systems and Energy Efficiency Improvements Program was created by the USDA pursuant to Section 9006 of the 2002 federal Farm Security and Rural Investment Act of 2002. Funding in the amount of \$23 million per year was appropriated for each fiscal year from FY 2003-2007. In March 2008, the USDA announced that it would accept \$220.9 million in applications for grants, loan guarantees, and loan/grant combination packages under the Renewable Energy Systems and Energy Efficiency Improvements Program. The application deadline was June 16, 2008.*