



Committed to the Future of Rural Communities

RURAL ENERGY FOR AMERICA PROGRAM

FACT SHEET

Section 9007 – The Rural Energy for America Program, through USDA-Rural Development, offers **grants, guaranteed loans, and combination grant/guaranteed loans** to help **agricultural producers and rural small businesses** purchase and install renewable energy systems and make energy efficiency improvements in rural areas. Helpful information regarding the Section 9007 program can be found at: www.rurdev.usda.gov/ia/rbs.html - click on **Energy** program.

Who is eligible?

- An **agricultural producer** (individual or entity) **directly** engaged in the production of agricultural products and obtains at least 50% or greater of their gross income from their agriculture business.
- A **rural small business** – an entity is considered a small business in accordance with SBA’s (Small Business Administration) small business size standards (by NAICS codes). SBA small size standards can be found at <http://www.sba.gov/size/index.html>
 - o A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501(c) (12) of the Internal Revenue Code.
 - o An electric utility, including a Tribal or governmental electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA’s definition of small business. These entities must operate independent of direct Government control.
- With the exception of the entities described above, all other non-profit organizations and public entities are **excluded**.
- For projects with total **eligible** costs **exceeding \$200,000**, agricultural producers and rural small businesses with a demonstrated financial need.
- For projects with total **eligible** costs of **\$200,000 or less**, applicants must provide a statement certifying their financial need.

How much assistance can be provided?

| | Renewable Energy Projects | Energy Efficiency Improvements Projects |
|---|---|---|
| Description | A system that produces or produces and delivers usable energy from a renewable energy source. | Improvements to a facility, building, or process that reduces energy consumption. |
| Minimum grant (no more than 25% of total eligible project costs) | \$ 2,500 | \$ 1,500 |
| Maximum grant (no more than 25% of total eligible project costs) | \$ 500,000 | \$ 250,000 |
| Maximum grant per applicant per fiscal year | \$ 750,000 | |
| Minimum guaranteed loan (no more than 75% of total eligible project costs) | \$ 5,000 | \$ 5,000 |
| Maximum guaranteed loan (no more than 75% of total eligible project costs) | \$ 25,000,000 | \$ 25,000,000 |
| Minimum grant portion of the combined funding request | \$ 1,500 | \$ 1,500 |
| Maximum combination grant/guaranteed loan (no more than 75% of total eligible project costs) | \$ 25,000,000 | |
| Services of a Professional Engineer required? | Projects with total eligible costs > \$400,000 | Projects with total eligible costs > \$200,000 |
| Energy audit or energy assessment required? | NO | Required for all energy efficiency projects. Projects with total eligible costs > \$50,000 require an energy audit. |
| Business Level Feasibility study required? | Projects with total eligible costs > \$200,000 | NO |
| Technical Report Required? | YES | YES |

We encourage you to start planning your project now.

Two (2) copies of your application are to be submitted to the USDA Rural Development State Office. The address of the Maine Rural Development State Office is: 967 Illinois Avenue, Suite 4, P.O. Box 405, Bangor, ME 04402-0405. The phone number to call is 207-990-9168.

Selection is based on a nation-wide competition for funds. To qualify for consideration for funding, an application must meet the application requirements, technical requirements, and environmental requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application per each type of project may be submitted per year.

These are the types of projects Rural Development can consider:

| | Renewable Energy Projects | Energy Efficiency Improvements Projects |
|---|--|---|
| Categories of projects <i>(The project must be located in a rural area.)</i> | Biomass, Anaerobic Digester, Geothermal – electric generation, Geothermal – direct use, Hydrogen, Small and Large Wind, Small and Large Solar Micro-hydro is now eligible | Energy Efficiency Improvements verified by an energy audit or assessment. |
| <p>New Component</p> <ul style="list-style-type: none"> • Grants to complete energy audits and renewable energy development assistance • Eligible applicants <ol style="list-style-type: none"> 1. governmental 2. educational 3. electrical cooperative & public power entities 4. other similar organizations | | |

What type of application should be submitted to the Maine Rural Development State Office?

| Application process | <i>Total eligible project costs</i> |
|---|--|
| Simplified grant application criteria and procedures 4280.109 | \$200,000 or less |
| Applicant provides a certification of financial need | \$200,000 or less |
| Technical Report Guidelines can be found in | Appendix A to 4280-B |
| Full grant application criteria and procedures 4280.111 | > \$200,000 |
| Applicant has demonstrated financial need | > \$200,000 |
| Technical Report Guidelines can be found in | Appendix B to 4280-B |
| Guaranteed loans – Reduced application and documentation 4280.128 | = or < \$600,000 |
| Guaranteed loans – Full application and documentation | > \$600,000 |
| Guaranteed loan - Equity evidence by borrowers | = or < \$600,000 – not less than 15% of eligible project costs |

| | | |
|--|--|------------|
| | > \$600,000 – not less than 25% of eligible project costs | |
| Maximum percentage of guarantee | = or < \$600,000 | 85% |
| | >\$600,000 & = or < \$5 million | 80% |
| | >\$5 million & = or < \$10 million | 70% |
| | >\$10 million & = or < \$25 million | 60% |
| Guaranteed loan - Appraisal | = or < \$600,000 complete self-contained appraisal > \$600,000 complete summary appraisal | |

Program information

| | Grant | Guaranteed Loan | Combination Grant & Guaranteed Loan |
|---|---|---|--|
| Who is the applicant? | Agricultural producer or rural small business | A lender is the applicant seeking a guarantee on a loan to an agricultural producer or a rural small business. | 2 applications needed. The grant application is from the agricultural producer or the rural small business. The lender submits an application for the guaranteed loan. |
| What are eligible costs? <i>(All eligible projects must be located in a rural area and utilize a replicable pre-commercial or replicable commercially available, and feasible technology.</i> <i>The applicant must be the owner of the project and control the operation and maintenance of the proposed project.</i> <i>Applicants must demonstrate the project has sufficient revenues to provide for operation and maintenance.</i> | <ol style="list-style-type: none"> 1. Post application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment and vehicles. 2. Post application construction or project improvements, except residential 3. Energy audits or assessments 4. Permit and license fees 5. Professional service fees, except for application preparation. 6. Feasibility studies and technical reports 7. Business Plans 8. Retrofitting 9. Construction of a new energy efficient facility only when the facility is used for the same purpose; is approximately the same size; and based on the energy audit, will provide more energy savings than improving an existing facility. | The same eligible costs as listed for a grant, with the addition of: <ol style="list-style-type: none"> 10. Working capital 11. Land Acquisition | Only the guaranteed portion can be used for working capital or land acquisition. |
| Fees | | Guarantee Fee: 1% Annual Servicing Fee: ¼% | |

When are applications due in FY 2009 (10-1-08 to 9-30-09)

TBD

| Program | State and/or National Allocation | Application Submission Frequency | Date Applications are due to Maine RD State Office |
|--|---|----------------------------------|--|
| RE/EE grants | \$55 Million | Two Rounds | TBD |
| RE/EE guaranteed loans | \$55 Million | 1 X ? | TBD |
| RE/EE combination grants/guaranteed loan | Grant portion from grant allocation. Guaranteed loan portion from guaranteed loan allocation | 1 X ? | TBD |

Funding

FY 2008 (the 6th year of the program) has \$23 million (e) available nationally for the Section 9006 Energy Program.

FY 2007 (the 5th year of a 5 year program) has \$23 million (e) available nationally for the Section 9006 Energy Program.

FY 2006 (the 4th year of a 5 year program) has \$23 million (e) available nationally for the Section 9006 Energy Program.

FY 2005 (the 3rd year of a 5 year program) had \$23 million (e) available nationally for the Section 9006 Energy Program. Maine was successful in receiving funding for the one eligible application that competed for the National Office funds.

In **FY 2004** (the 2nd year of the program), \$22.8 million was available nationally in competitive grant funds, 167 applications were approved for funding nationally, the one application received in Maine was approved for funding.

In **FY 2003** (the 1st year of the program), \$21.23 million was available in competitive grant funds. 113 applications were approved for funding nationally. Maine received no applications in FY 2003.

Possible sources of matching funds and assistance in the preparation of technical reports.

Maine Energy Information – www.maineenergyinfo.com – go to the Energy Index for a host of related links.

SBA (funds) www.sba.gov/me - Phone: (207) 622-8274

Maine Manufacturing Extension Partnership (MMEP) - www.mainemep.org – Phone: (207) 623-0680

USDA, Farm Services Agency (FSA) – www.fsa.usda.gov/me/ - Phone: (207) 990-9140

Efficiency Maine - www.energymaine.com

Possible sources of help for preparing financial information.

Your local banker or your accountant

Maine Small Business Development Centers www.mainesbdc.org - Phone: (207) 780-4420

Small Business Administration and SCORE (retired executives counseling small businesses)

www.sba.gov/me - Phone: (207) 622-8274

USDA, Farm Services Agency (FSA) – www.fsa.usda.gov/me/ - Phone: (207) 990-9140

For Help in reviewing an application for completeness or Help in preparing an application.

Maine Rural Development Business-Cooperative Specialists located in the State Office at 967 Illinois Avenue, Suite 4, P.O. Box 405, Bangor, ME 04402-0405. The phone number to call is 207-990-9168.

Resource Conservation and Development Districts (RC&D) Coordinators – for names and locations, please go to:

www.me.nrcs.usda.gov/partnerships

Small Business Administration and SCORE (retired executives counseling small businesses)

www.sba.gov/me - Phone: (207) 622-8274

USDA, Farm Services Agency (FSA) – for names and locations, please go to: www.fsa.usda.gov/me/

Or call Phone: (207) 990-9140

Examples of Nationwide Energy Projects Awarded Grants

| | Renewable Energy |
|-----------------------|---|
| Small Business | Installation of a Cogeneration wood fired boiler system primarily to create heat to operate the kilns and steamer and also produce electricity. |
| Agricultural Producer | Install a factory made wood burning furnace that is located outside. The furnace will heat water that will be pumped through insulated underground pipes. |
| Small Business | Install hot water renewable fuel boiler along with solar PV electric and solar thermal supplemental design for heating a greenhouse project. |

| | |
|--------------------------|---|
| Agricultural Producer | Installing a geothermal renewable energy system at a winery and farm. |
| Agricultural Producer | Erect a Bonus 450 KW wind turbine in order to strengthen farming operation through efficiency and diversity of operations and additional source of income. |
| Small Business | Provide electric power to headquarters facility with 2 wind turbines and photovoltaic systems. |
| Small Business | Construct a wind turbine (67-1650KW) electric generation farm. |
| Agricultural Producer | Manure processing project that generates own energy for drying manure on a dairy farm. |
| Small Business | Installation of wind turbines and solar PV array pumping system. |
| Small Business | Build a 12,000,000 gallon bio-diesel production plant. |
| Agricultural Producer | Installation of a 5,600,000 kW wind turbine on a farm. |
| Agricultural Producer | Installation of 10 kW wind turbine on a farm for farm electrical usage. |
| Energy Efficiency | |
| Agricultural Producer | Installation of energy-efficient, large (24") fans in free-stall barn for dairy producer |
| Agricultural Producer | Installation of an energy efficient grain drying bin. |
| Agricultural Producer | Installation of Solar Energy Panels on irrigation equipment for agricultural crop producer. |
| Small Business | Install energy efficient equipment in a linen cleaning facility using a Reverse Ambient Solar Energy Refrigeration System (RASERS). |
| Small Business | Install new boiler system and high efficiency dry kilns. |
| Small Business | Energy conservation and efficiency for office/warehouse for calibrated day lighting controls, lighting controls, lighting design alternatives, conditioning of outside air, and insulation. |