



United States Department of Agriculture

USDA Rural Development, Business and Cooperative Programs

ENERGY EFFICIENCY GRANTS FOR FARMS & RURAL BUSINESSES

RURAL ENERGY FOR AMERICA PROGRAM (REAP)

The Rural Energy for America Program (REAP) provides grants (& loan guarantees) to rural small businesses & agricultural producers for **up to 25% of the cost** of making energy efficiency improvements to their facilities. *Renewable energy generation projects (which are discussed in a separate information sheet) are also eligible for assistance under this program.*

Grant size: \$250,000 maximum (\$1,500 minimum) per project – cannot exceed 25% of total project cost.

Eligible applicants

Rural small businesses – “**Rural**” means the project is not located in a city with a population greater than 50,000 or in census-defined Metropolitan Statistical Areas. “**Small**” is as defined by SBA and depends on business type – typically < 500 employees & revenue < \$6.5 million. To determine if the project location is in an eligible area, go to <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do> and select Business Programs from the left side under "Property Eligibility". Then "click" the appropriate section depending on the program you are interested in. On the next page read and accept the disclaimer, then enter the street address of the business. If the property is shaded in gold, it is not eligible. You may need to wait a few minutes for the map to 'load.' What may initially appear eligible, might become ineligible after the map fully loads.

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.) **Agricultural producers do not need to be located in a rural area.**

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 & installation **in a rural location** of non-residential **energy efficiency improvements** to a building or process resulting in reduced energy consumption.

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

- Energy-efficient fixtures, **machinery & equipment** (new or refurbished) – both purchase & installation (including reimbursement for these costs only if the costs were incurred after submitting your application).

Revised 10/25/13

- » Vehicles & farm equipment are NOT eligible
- Energy-efficient **real estate improvements** – both materials & construction (including reimbursement for these costs only if the costs were incurred after submitting your application)
 - » New facilities are ineligible unless they exactly *replace* an existing inefficient facility in the same size & purpose. Furthermore, the REAP assistance is limited to costs directly attributed to energy efficiency improvements over & above conventional design and as supported by an energy audit.
- **Energy audits**, permits, professional fees (except application packaging), feasibility studies, & business plans (including reimbursement for such costs whether incurred before or after applying)

Application process

“**Simplified**” applications are allowed for projects seeking ≤ \$50,000 grant & with ≤ \$200,000 total project cost. Grants are awarded once a year via a State and National competition. Applications are accepted year round, reviewed, and if eligible, held until funds are available.

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.

Energy audit – a report by an independent, professional, qualified party (such as a Certified Energy Manager) is required with the application. (Applications for < \$50,000 are exempt from this requirement, but receive extra priority points for meeting it.) The audit must address current energy use, recommended improvements & costs, energy savings from the improvements, dollars saved per year, and weighted-average payback in years.

Interim financing – Grant funds are typically disbursed when the project is complete, tested, & certified operational.

GET STARTED NOW!

1. Obtain an independent, professional energy audit. Contact your utility for suggestions.
2. Decide which energy efficiency improvements to adopt & determine approximate cost.
3. Line up other incentives, most utilities have them.
4. Apply for REAP grant. Contact USDA Rural Development to obtain an easy-to-use application template.
5. USDA announces REAP awards, usually in late summer. Once your application is submitted, you may proceed with the project. (The grant may reimburse post-application costs only if your application is chosen.)

Helpful links:

Additional REAP and other energy funding program information is on-line at:

www.rurdev.usda.gov/rbs/farbill and <http://www.rurdev.usda.gov/wa/>

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

Western WA	Carlotta Donisi	carlotta.donisi@wa.usda.gov	360-704-7724
Eastern WA	Veronica Baer	veronica.baer@wa.usda.gov	509-454-5740 Ext. 134

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer
 Complaints of Discrimination should be sent to:
 USDA, Director, Office of Civil Rights, Washington D. C. 20250-9410