



RENEWABLE ENERGY 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** 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.

Eligible applicants

Rural small businesses – “**Rural**” means the project is not located in a city more than 50,000 in population or 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. 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 and install 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).

Grant size: \$500,000 maximum (\$2,500 minimum) per project – cannot exceed 25% of total project cost.

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 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.

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.

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, or to get on our REAP notification list, please contact:

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

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