



Farm Bill Section 9006 – 7CFR 4280-Subpart B

Renewable Energy and Energy Efficiency Program

FACT SHEET

Section 9006 – The Renewable Energy and Energy Efficiency 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 9006 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>
 - 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.
 - 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 50% of total eligible project costs)	\$ 5,000	\$ 5,000
Maximum guaranteed loan (no more than 50% of total eligible project costs)	\$ 10,000,000	\$ 10,000,000
Minimum grant portion of the combined funding request	\$ 1,500	\$ 1,500
Maximum combination grant/guaranteed loan (no more than 50% of total eligible project costs)	Maximum combo grant \$150,000	Maximum combo grant \$150,000
		\$ 10,000,000
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 where your project is located or, in the case of a rural small business, where they are headquartered. The address of the Iowa Rural Development State Office is: 873 Federal Building, 210 Walnut, Des Moines, Iowa 50309. The phone number to call is 515-284-4714.

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.

Applications within each type of technology will be competing against each other on a nation-wide basis.

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	Energy Efficiency Improvements verified by an energy audit or assessment.

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

Application process - Grants	Total eligible project costs
Simplified grant application criteria and procedures 4280.109 Applicant provides a certification of financial need Technical Report Guidelines can be found in	\$200,000 or less \$200,000 or less Appendix A to 4280-B
Full grant application criteria and procedures 4280.111 Applicant has demonstrated financial need Technical Report Guidelines can be found in	> \$200,000 > \$200,000 Appendix B to 4280-B

Guaranteed Loans 4280.128	Amount of Guaranteed Loan	
Reduced application and documentation	= or < \$600,000	
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%
Guaranteed loan - Appraisal	= or < \$600,000 complete self-contained appraisal > \$600,000 complete summary appraisal	



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	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. 	<p>The same eligible costs as listed for a grant, with the addition of:</p> <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.