



United States
Department of
Agriculture

Rural Development



Rural Energy for America Program

REAP

*7th Annual Nebraska Wind
& Solar Conference
October 29 & 30, 2014*

*Kelley Messenger,
Business Programs
Specialist*



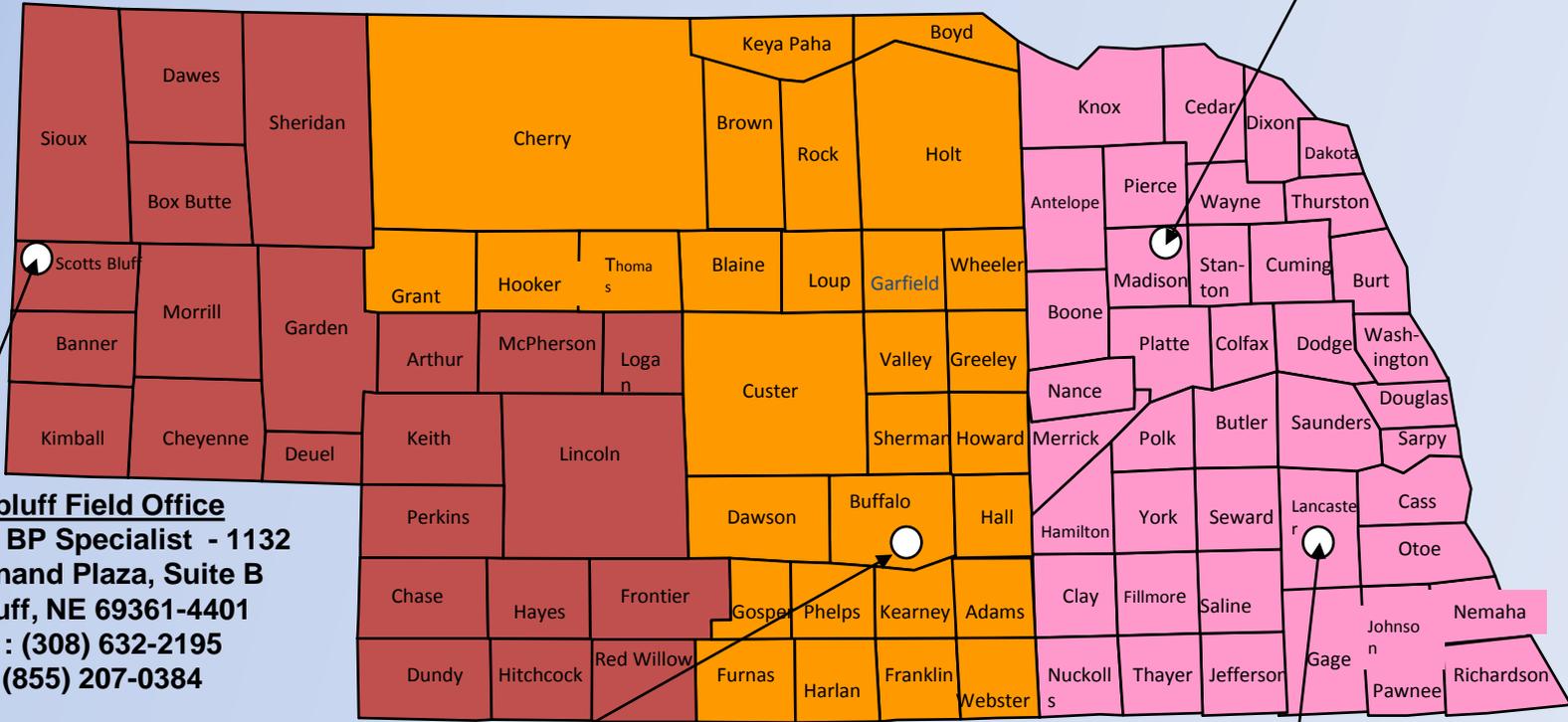
Team RD

- Access to One-on-One Assistance
- Local Subject Matter Experts

Rural Development Business Programs Nebraska Offices August 24, 2014

Norfolk Field Office

Bill Sheppard, BP Specialist – 1004
Brant Richardson, BP Specialist - 1000
2601 Lakeridge Dr, Suite 2
Norfolk, NE 68701
Phone : (402) 371-5350
Fax : (855) 207-0384



Scottsbluff Field Office

Marla Marx, BP Specialist - 1132
818 Ferdinand Plaza, Suite B
Scottsbluff, NE 69361-4401
Phone : (308) 632-2195
Fax : (855) 207-0384

Kearney Field Office

Kelley Messenger, BP Specialist - 1120
Diane Pavel, BP Technician - 1126
4009 6th Ave, Suite 1
Kearney, NE 68845-2386
Phone : (308) 237-3118
Fax : (855) 207-0384

State Office – Lincoln

Joan Scheel, Business Programs Director
402-437-5594
Deborah Drbal, Business Programs Specialist
402-437-5558
Room 308, Federal Building, 100 Centennial Mall
N.
Lincoln, NE 68508
Fax : (402)437-5408



What does Rural Development offer?

- **Energy Programs**

- 9003: Biorefinery, Renewable Chemical, & Biobased Product Manufacturing
- 9004: Repowering Assistance Program for Existing Biorefineries
- 9005: Advanced Biofuel Payment Program
- 9007: Rural Energy for America Program - Purchase & Installation of Commercially Available Equipment

- **Business Programs**

- Acquisition of Real Estate
- Equipment Purchase
- Working capital

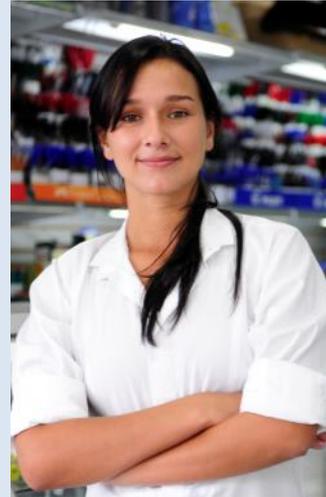
Eligible Applicants

Agricultural Producer



- **Individual or entity that receives 51 percent or more of their gross income from agricultural production** – crops, livestock, aquaculture, forestry operations, nurseries, dairies

Rural Small Business



- **Privately owned for-profit small business** - as defined by the Small Business Administration (SBA)
- **Rural area or non-metro community of \leq 50,000**

Rural Energy for America Program

Improve Profits for Your Rural Small Business, Farm or Ranch with REAP

Energy Efficiency		Renewable Energy	
	Lighting		Solar
	Heating		Wind
	Cooling		Small Hydroelectric
	Ventilation		Anaerobic Digesters
	Fans		Biomass
	Automated Controls		Geothermal
	Insulation		Wave/Ocean Power

The technology must be commercially available. Research and development projects do not qualify.

What Projects are Eligible?

- Energy Efficiency - Energy Savings per Audit or Assessment
 - Project **MUST** save energy (BTU savings) to be eligible
 - USDA partners with Public Power District (Nebraska Public Power District) in getting energy audits completed
 - Shows percentage of energy to be saved by completing the project
 - Shows annual dollar amount to be saved by completing the project

What Projects are Eligible?

- Renewable Energy Systems
 - Energy Resource Assessment Required:
 - system is intended primarily for self use by the applicant – considered energy REPLACEMENT, or
 - system is intended primarily for production of energy for sale by applicant – considered energy GENERATION
 - » Rely on the vendor/contractor providing technology to determine amount of energy replaced/generated for scoring of project.



Eligible Project Costs

- **Equipment:**
 - Purchase & installation
 - New, refurbished, or remanufactured equipment
- **Post-application construction & facility improvements**
- **Professional service fees**
- **Energy audits & assessments**
- **Technical reports**
- **Business plans**
- **Permits & license fees**
- **Retrofitting**
- **Working capital, land acquisition (Guarantee ONLY)**



Ineligible Project Costs

- **Residential energy projects**
- **Equipment:**
 - Farm tillage equipment
 - Used equipment
 - Vehicles
- **Pre-application construction & facility improvements**
- **Application preparation or grant writer fees**
- **Line of credit**
- **Lease payments**
- **Payment to the applicant/business owner, beneficiary, or relative**

Marlene Trampe - Kearney, Nebraska



- * \$4,099 REAP Grant
- * \$12,295 Leveraged funding
- * The project replaced 2 mechanical windmills with Solar Powered Submersible Pumps for cattle watering.



T&K Five Star Cattle Company, Inc - Lindsay, Nebraska



- * \$17,507 REAP Grant
- * \$54,522 Borrower Contribution

- * Rural Development funds were used to install a 25Kw photovoltaic solar system near an existing center pivot to replace the irrigation system's existing energy source.
- * Will produce 39,894 Kwh annually.

Pony Express Chevrolet, Inc. – Gothenburg, NE



- * \$49,700 REAP Grant
- * \$149,102 Leveraged funding
- * The project will install an open loop geothermal system to replace their existing natural gas and waste oil furnace system. New well will be drilled for the project. Will use for part of existing building and new expansion.

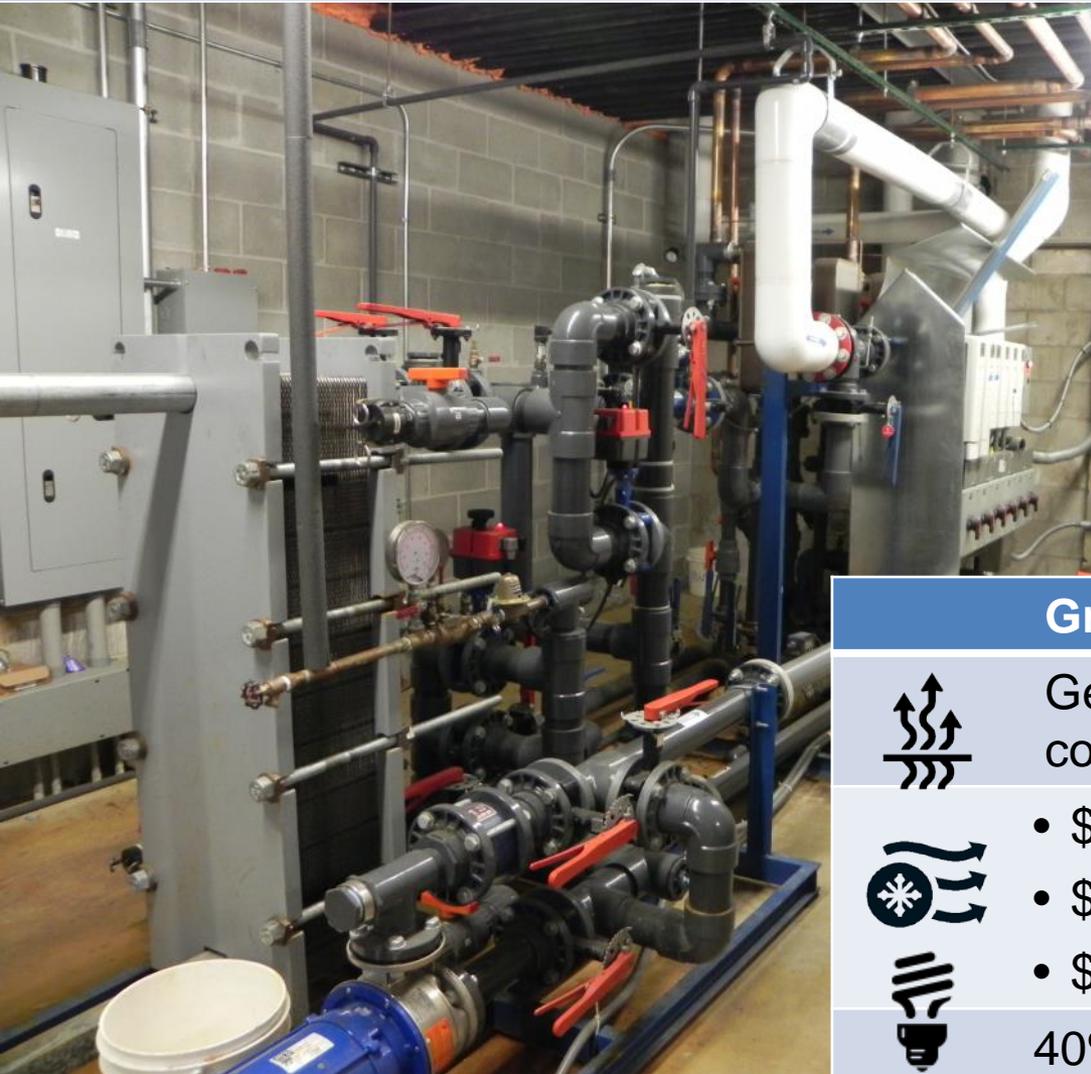


- * Project will provide:
 - * 61% Energy Savings
 - * Save 2,651 lbs of greenhouse gas emissions annually

Advanced Pet Care Clinic-Valentine, Nebraska



- * \$11,058 REAP Grant
- * \$33,176 Leveraged funding
- * Geothermal renewable energy system installed into a new small animal vet clinic.
- * 3 Jobs created



Grocery Store



Geothermal heat, energy efficient coolers & lighting



- \$198,600 Total Cost
- \$49,650 REAP Grant



- \$148,950 Commercial Loan
- 40% reduction in energy costs

Biomass - Solid Fuel Burner System



- Cozad, NE
- Install 20 million BTU solid fuel burner
- Burns sawdust to provide heat for dehydration process
- TPC \$168,331
- Grant \$37,500
- Produces 50,160 Therms

Anaerobic Digestion Methane Digester



Methane Digester, Dodge

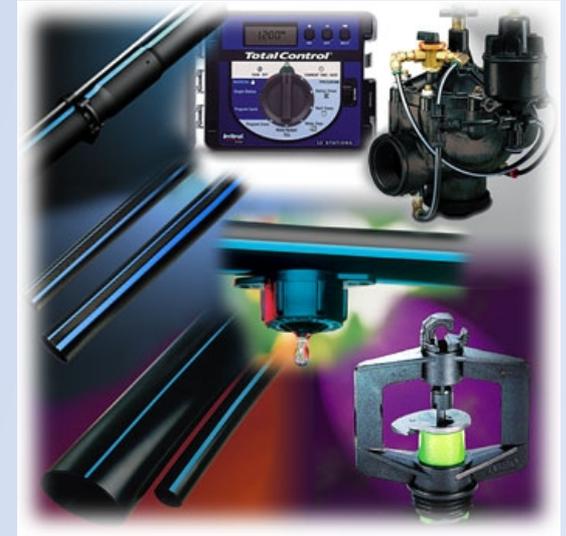
- Fed by manure from 6 hog confinement buildings
- The slurry pit (14 feet deep by 80 feet wide) burns off about one-fourth of the hog waste from each confinement building every day
- Methane gas is fed into a specially designed engine, generating up to 80 kilowatts of electricity
- Energy generated is enough electricity to supply up to 40 homes.

MCGFF, LLC - Osceola, NE



- \$19,750 RD funding
- \$75,250 Leveraged funding
- REAP funds were used to install a 25KW wind turbine to provide electricity to **operate a farm irrigation system**
- Jobs retained – 1

ENERGY EFFICIENCY EXAMPLES



Up to 25% of Eligible Project Costs

 Renewable Energy Systems		 Energy Efficiency Improvements	
Minimum Grant Request	\$2,500 Total eligible project costs \geq \$10,000	Minimum Grant Request	\$1,500 Total eligible project costs \geq \$6,000
Maximum Grant Request	\$500,000 Total eligible project costs \geq \$2 million	Maximum Grant Request	\$250,000 Total eligible project costs \geq \$1 million



REAP Guaranteed Loan Assistance

Up to 75% of Eligible Project Costs

Minimum Loan Amount	\$5,000 Total eligible project costs \geq \$6,667
Maximum Loan Amount	\$25 million Total eligible project costs \geq \$33.4 million
Details	<ul style="list-style-type: none">• USDA guarantees a commercial loan; applicant must have a willing lender.• Terms are negotiated between the lender and borrower.• Fees, appraisals, equity & collateral requirements apply.• One time guarantee fee of 1%, plus annual renewal fee• Simplified application process for loans of \$600,000 or less

REAP Combination Application

- Borrower can apply for both grant and guaranteed loan application
 - Combination Application Consists of:
 - GRANT APPLICATION – 25% of Total Project Cost
 - GUARANTEED LOAN – 50% of Total Project Cost
 - CASH/NON-GUARANTEED – 25% of Total Project Cost

- CANNOT HAVE MORE THAN 75% OF PROJECT COSTS AS FEDERAL FUNDS



REAP Funding

- Farm Bill authorized \$50 Million/Year
- Applications Accepted year-round
- Next round of funding will be made available Oct/Nov.
 - Projected Regulation publication: November 1st, with NOSA also to be announced (90 day application deadline after publication (proposed Jan. 30th)). April 30th possible next deadline.

How to Apply

- Contact the USDA Rural Development Energy Coordinator in your state for application materials and resources: http://www.rurdev.usda.gov/BCP_Energy_CoordinatorList.html
- Submit applications any time of year.
- Applications compete for funding based on score.

Application Process

- Have to have a FULL complete application in our office before starting any portion of the project
 - Once this is met, they can start their project, however they are taking the risk of not being approved for funding
 - OR having an environmental issue that determines them ineligible for Federal Funding
- Application includes:
 - REAP Template – Items Needed List, Forms & Guides
 - Complete Energy Audit or Energy Assessment
 - Technical Report
 - Bids for project components
 - Previous years tax returns
 - Environmental Review

- Sign Official Approval Paperwork
 - Grant Agreement, Letter of Conditions
- Vendors/Contractors sign standard contract documents to show they have been paid in full
- Project inspection
- Grantee is then reimbursed for 25% of what they paid out, up to the amount they were approved for
 - USDA reviews the paid invoices submitted by contractors and borrowers.

REAP Energy Audit/Renewable Energy Development Assistance

Grant Request	<p>\$100,000/applicant maximum</p> <p>Annual funding cycle (Jan. 31st proposed application deadline.....)</p> <p>Nationally competitive</p>
Grant Uses	
<ul style="list-style-type: none"> • Energy Audits 	Conduct energy audits for farmers/rural small businesses
<ul style="list-style-type: none"> • Renewable Energy Development Asst. 	Conduct site evaluation & report development for renewable energy technologies
Grant Stipulation	Recipient of Energy Audit pays 25% of audit cost
Borrower Types	<ul style="list-style-type: none"> -Units of state, tribal, or local government -Land-grant college, a university, or another institution of higher education -Rural electric cooperative -Public power entity -RC&D Councils
Community size	Population up to 50,000

Business & Industry (B&I) Loan Guarantee

% of Loan Guaranteed	Up to 80% (90% in special cases)
Loan Amounts	Up to \$25 million
Loan Terms	Real Estate – 30 yrs Machinery & Equipment – 15 yrs Term Working Capital – 7 yrs
Fees	One-time guarantee fee of 3% (2% in special cases) Annual renewal fee of 0.50% on outstanding balance
Loan Uses	New construction, equipment, expansion, working capital and debt restructuring
Borrower Types	New or existing businesses. Business does not have to be headquartered in the rural community, just conducting business there.
Community size	Population up to 50,000

BUSINESS PROGRAMS

Business & Industry Loan Guarantee

- \$7.5 Million In-State Approval Authority
- Streamlined Process – Applications >\$600,000
- Direct one-on-one assistance
- Quick Response Time
- Can combine B&I & REAP programs

Existing Businesses

Start-up Businesses

Transfer of Ownership

Manufacturing



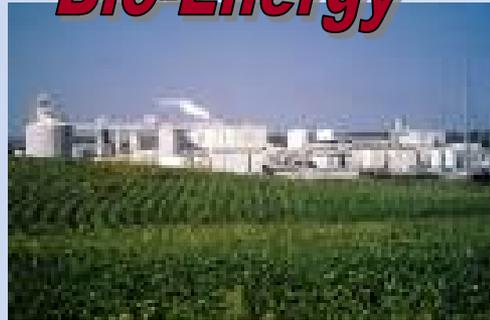
Service Industry



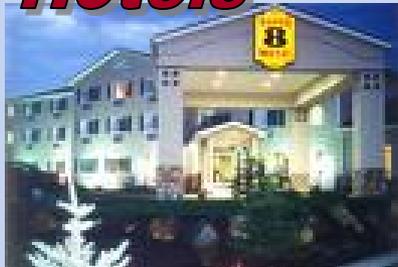
Retail Industry



Bio-Energy



Hotels



Agri-businesses



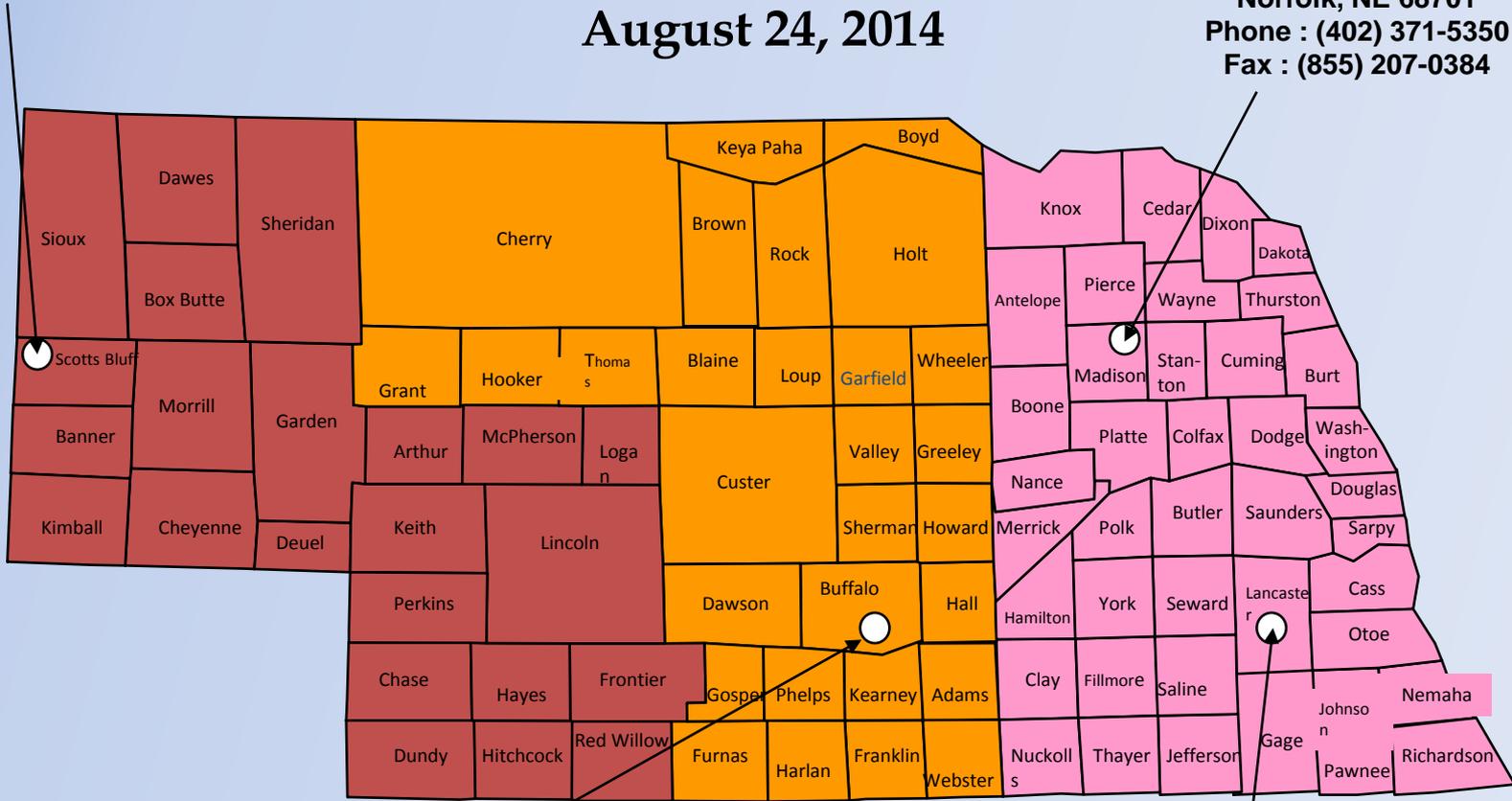
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Contact Information

USDA RURAL DEVELOPMENT

Kelley Messenger, Business Programs Specialist,
Acting Rural Energy Coordinator

Kearney Office

(308) 237-3118 ext. 1120

kelley.messenger@ne.usda.gov

OR

Your local USDA Rural Development Office

ANY QUESTIONS???

