



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

USDA Funding Assistance for Rural Renewable Energy and Energy Efficiency:

Section 9006

NYSERDA Innovations in Agriculture Conference

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Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

What is the Section 9006 Program?

- Created in the 2002 Farm Bill as a USDA program for 5 years
- Designed to assist farmers, ranchers and rural small businesses with energy projects
- Provides grants and guaranteed loans for renewable energy systems and energy efficiency improvement projects
- Funded at \$22.8 million yearly for the first four years
- \$66.2 million to 434 projects, 37 states in 3 years.



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Farm Bill Definitions

- **Renewable Energy**
 - **Energy derived from:**
 - wind, solar, biomass, or geothermal source, or
 - hydrogen derived from biomass or water using one of the above energy sources
- **Energy Efficiency Improvement**
 - Improvements to a facility, building, or process that reduces energy consumption, or reduces energy consumed per square foot



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Section 9006 Funding Activity FY 03 thru 05

Renewable Energy

	No.	Amounts (\$)	Leveraged Funds (\$)
Biomass	119	29,757,021	197,116,700
Wind	121	27,809,516	446,418,325
Solar	17	1,442,243	3,559,375
Geothermal	4	380,283	1,140,872
Hybrid	9	2,439,832	185,455,600
Totals	<u>270</u>	<u>61,828,895</u>	<u>833,690,872</u>

Energy Efficiency 165 \$4,927,655 \$15,833,480

Guaranteed Loans (Biomass): 2 - \$10,100,000 Leveraged Funds \$13,134,000





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Funding for New York Projects

- **\$5,510,345 in 2003-05**
- **\$4,298,956 for 15 digesters**
- **\$ 864,767 for 9 EE projects**
- **\$ 152,564 for 4 wind projects**
- **\$ 194,058 for 1 biomass project**



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Who is Eligible?

- **Rural small businesses and agricultural producers**
 - **Rural** – Any area other than a city or town with population over 50,000. Cannot be in urbanized area adjacent to such a city or town.
 - **Agricultural Producer** - An individual or entity directly engaged in the production of agricultural products (including farming or ranching) that gets 50% + of their *gross* income from the operations
 - **Small Business** - A private entity including a sole proprietorship, partnership, corporation, cooperative (including most Rural Electric Cooperatives), and certain other electric utilities.
 - Must meet SBA size standards for small business
www.sba.gov/size/index.html
 - Non-profits excluded



Committed to the future of rural communities.

* Actual definitions available in the Regulation



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Who is Eligible?

- **Other requirements for eligible applicants:**
 - **Must demonstrate financial need**
 - **If an entity, must be at least 51 percent owned by individuals who are either U.S. citizens or legal permanent residents of the U.S.**



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What Projects are Eligible?

- **Any renewable energy and energy efficiency project as defined in the law.**
- **Requirements for eligible projects:**
 - **Must be located in a rural area.**
 - **Must be for a pre-commercial or commercially available and replicable technology.**
 - **Must be technically feasible.**
 - **Must have sufficient revenues to provide for operation and maintenance**
- **The applicant must be the owner of the project and *control* the operation and maintenance of the proposed project.**



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What Costs are NOT Eligible?

- **Agricultural tillage equipment**
- **Vehicles**
- **Energy efficiency improvements related to new construction**



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Grant Funding

- **Grants request can't exceed 25% of eligible project costs**
 - **Minimum grant request: \$2,500**
 - **Renewable Energy:**
 - **Maximum grant request: \$500,000**
 - **Minimum grant request: \$2,500**
 - **Energy Efficiency**
 - **Maximum grant request: \$250,000**
 - **Minimum grant request: \$1,500**
 - **If total project costs are over \$50,000, an energy audit is required.**



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Guaranteed Loan Funding

- **Guaranteed loan request must not exceed 50% of eligible project costs**
 - Lender submits application
 - Minimum guaranteed loan request: \$10,000
 - Maximum guaranteed loan request: \$10 million

For FY 2006:

- the guarantee fee amount is 1.0% of the guaranteed portion of the loan
- the annual renewal fee is 0.125% of the guaranteed portion of the loan.





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FY 2006 Funding

- **Grants:**
 - \$11.385 million available for grants
 - Applications must be postmarked no later than May 12, 2006.
- **Guaranteed Loans:**
 - \$176.5 million available in guaranteed loans
 - Any funds not used for loan guarantees by August 1, 2006 will be used to fund additional grants.
- **Combined grant and guaranteed loan:**
 - Combined funding available but requires two separate applications submitted
 - Combined grant/guaranteed loan cannot exceed 50% of eligible project costs.





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Application Requirements

- **Must meet eligibility requirements for:**
 - Applicant
 - Project
 - Financial Need
 - Replicability
 - Complete application
- **To qualify for funding, the application will also have to pass:**
 - Technical Review
 - National Environmental Policy Act (NEPA) Review



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Simplified Application Process

- **Eligibility**
 - Total eligible project costs of \$200,000 or less
 - Uses commercially-available technology
 - Project scheduled to be completed within 24 months of grant agreement
 - Reimbursement of funds only after project fully completed
- **Advantages**
 - Reduced reporting requirements in application
 - Financial Need Certification
 - Reduced financial reporting
 - Reduced technical reporting requirements (Appendix A)
 - Additional points in scoring



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Technical Requirements

- **Two sets of requirements depending on size/type**
 - **Simplified Application Process for projects \leq \$200,000.**
 - **Complex Application Process for all other projects**
- **Each type has 10 sections based on technology:**
 - **Biomass, Bioenergy**
 - **Anaerobic Digester**
 - **Geothermal, electric generation**
 - **Geothermal, direct use**
 - **Hydrogen**
 - **Solar, small (10 kW or smaller)**
 - **Solar, large (larger than 10 kW)**
 - **Wind, small (100 kW or smaller)**
 - **Wind, large (larger than 100 kW)**
 - **Energy Efficiency**



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Technical Requirements

- **Qualifications of project team**
 - **Agreements and permits**
 - **Resource assessment**
 - **Design and engineering**
 - **Project development schedule**
 - **Financial feasibility**
 - **Equipment procurement**
 - **Equipment installation**
 - **Operations and maintenance**
 - **Decommissioning**
-
- **Professional Engineers required on larger projects**



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Scoring Criteria

- **Quantity of energy replaced, generated or saved** 5,10, or 15
- **Environmental benefits:** 0 or 10
- **Commercial availability:** 0, 5 or 10
- **Technical merit:** 0-35
- **Financial readiness:** 5, 10 or 15
- **Small ag producer/very small rural business:** 0, 5 or 10
- **Simplified application (<\$200,000 project):** 0 or 5
- **Previous 9006 grantee – last 2 years:** 0 or 5
- **Return on investment:** 2, 4 or 10





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Online Information

- **Web site for the USDA Farm Bill Section 9006:**
 - **www.rurdev.usda.gov/rbs/farmbill/**
- **Web site includes:**
 - **The governing regulation**
 - **Overview of Program**
 - **USDA RD State Office Rural Energy Coordinators**
 - **Tools and Resources**
 - **Section 9006 Forms (Standard Government Forms)**
 - **“Other Links” to resources for these technologies**





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A more useful website:

<http://www.rurdev.usda.gov/ia/>





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For More Information

- **Contact New York's USDA Rural Energy Coordinator:**
 - **Tom Hauryski**
 - (607) 776-7398 ext. 132
 - thomas.hauryski@ny.usda.gov
 - USDA Rural Development
415 W. Morris Street
Bath, NY 14810

Program materials and eligibility determinations

Assistance with filling out applications

Advance action on environmental reviews for projects of concern

