



RURAL DEVELOPMENT

Committed to the future of rural communities

USDA is an equal opportunity provider, employer, and lender



AGENDA

- 10:00 – 10:15 Greetings and Introductions. Kate Dean North Olympic Peninsula RC & D
-
- 10:15 – 10:30 Overview of Renewable Energy and Energy Efficiency programs
(PowerPoint) Carlotta Donisi - USDA Rural Development, Olympia, WA
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- 10:30 – 11:00
 - Case study Van der Salm Farms, Woodland, WA
 - Case study of REAP Grantee April Joy Farm, Ridgefield, WA
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- 11:00 – 11:15
 - Hans Frederickson, Frederickson Electric, Port Townsend, WA
 - Andy Cochran, Power Trip Energy, Port Townsend, WA
-
- 11:15 – 11:30
 - Clallam PUD, Mattias Jarvegren, Utility Services Advisor
 - Jefferson PUD, Bill Graham, Resource Manager / Wayne King
-
- 11:30 – 12:00 Back to the PowerPoint for application processing and Q's & A's



USDA Farm Bill Title IX - Energy

The Agricultural Act of 2014 (aka the 2014 Farm Bill) was signed into law by the President on February 7, 2014.

Energy programs governed by Farm Bill found in Title 9 section 9007.



Energy Programs – USDA RD

- Rural Energy for America Program (REAP) – Assistance for renewable energy generation systems or energy efficiency improvements
 - Grant, Grant & Loan Guarantee, Loan Guarantee
- **Grant can reimburse up to 25% of total project!**
- Energy Audit or Renewable Energy Assistance EA/REDA – Offset the cost of providing energy project technical assistance to farmers and small rural businesses
- 9005 Advanced Biofuel Payment – Provide incentive payment to producers of advanced biofuels



Eligible Technologies

- Energy Efficiency Improvements
- Solar, small and large, electric and thermal
- Biomass and Bioenergy Projects
- Anaerobic Digesters
- Hydrogen production from renewables
- Geothermal, direct use
- Geothermal, electric generation
- Wind, small and large

REAP Energy Efficiency

Montesano Thriftway Grocery Store Lighting Upgrades





Energy Efficiency Greenhouse Project [Peoria Gardens] Albany, OR

Project Cost: \$187,220

REAP Grant: \$46,805

April Joy Farm, Ridgefield, WA





Large Wind Project [Lime Wind] Baker City, OR

Project Cost: \$4,808,000

REAP Guarantee: \$2,227,140

REAP Grant \$500,000



Anaerobic Digester Project [Farm Power Tillamook Misty Meadows] Tillamook, OR

Project Cost: \$4,790,000

REAP Guarantee: \$1,000,000

REAP Grant: \$400,000



Large Solar PV Project [Ioka Farms] Silverton, OR

Project Cost: \$178,500

REAP Grant: \$44,625



**Solar PV Project [Chehalem, Inc.]
Yamhill, OR**

Project Cost: \$86,080

REAP Grant: \$20,000



**Grain Dryer Energy Efficiency Project [Setniker Farms]
Independence, OR**

Project Cost: \$110,000

REAP Grant: \$27,500



Funding!

- Nationally
- Washington



REAP Who is Eligible

For a RES/EEI application the two eligible applicants have not changed. An applicant must meet the definition of a:

1. Agricultural Producer
2. Rural Small Business
 - LLC can be formed for purpose of owning/operating renewable energy project

So, how do we define an agricultural producer or rural small business?



Agricultural Producer

- Individual or Entity directly engaged in the production of agricultural products, including
 - Crop
 - Livestock
 - Forestry Products
 - Hydroponics
 - Nursery Stock
 - Aquaculture

- ✓ The purchase and resale of agricultural products such as greenhouse plants is not considered income derived from the production of agricultural products.



Agricultural Producer

- Fifty Percent (50%) or greater of their gross income is derived from the production of agricultural products.
- Can be rural or urban.
 - Previously the calculation was defined the gross income derived from the production of agricultural operations, not agricultural products.
- ✓ REMINDER: The purchase and resale of agricultural products such as greenhouse plants is not considered income derived from the production of agricultural products.



Small Business. An entity or utility, as applicable, described below that meets Small Business Administration's (SBA) definition of Small Business as found in 13 CFR part 121.301(a) or (b). With the exception of the entities identified in this paragraph, all other non-profit entities are ineligible.

- (1) A private for-profit entity, **including a sole proprietorship**, partnership, and corporation;
- (2) A cooperative (including a cooperative qualified under section 501(c)(12) of the Internal Revenue Code);
- (3) An electric utility (including a Tribal or governmental electric utility) that provides service to rural consumers and must operate independent of direct government control; and
- (4) Tribal corporations or other Tribal business entities (as described in paragraph (4)(i) and (ii)). The Agency shall determine the Small Business status of such Tribal entity without regard to the resources of the Tribal government.
 - (i) Chartered under Section 17 of the Indian Reorganization Act (25 U.S.C. 477), or
 - (ii) Other Tribal business entities that have similar structures and relationships with their Tribal governments as determined by the Agency.

Eligible applicant

- Based on Small Business Administration (SBA) for small business definition
- Verified using NAICS code
 - Provide sufficient information to determine total annual receipts and number of employees of the business concern and any parent, subsidiary, or affiliate to meet definition

REAP Project Eligibility

- **Rural Area Location (non-metro) for Rural Small Businesses**
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>
 - Rural area requirement does not apply to Agricultural Producers
- **Sufficient revenue to provide for the operation, management, maintenance and debt service for the project life**



REAP Project Eligibility (continued)

- **Applicant must be the owner of project and control the site**
- **Project must have technical merit** (Will system perform as proposed over economic life?????????)
- **Project technology must be commercially available**
 - * **Research & development projects are *not* eligible ***

Case Studies

- April Joy Farm, Ridgefield, WA
Solar roof top installation
- Van der Salm Farms, Woodland, WA
Energy Efficiency – lighting fixtures



Van der Salm Farms, Woodland, WA

Wholesale Grower of bulbs, flowers, and root perennials

- Replace 40,000 square feet of warehouse lights and 14 large coolers with new LED lighting and Occupancy Sensors.
- Total Project cost \$75,000
- REAP Grant \$18,750
- Clark PUD Rebate \$37,500 (estimate)
- Applicant share \$56,250
 - Payback = 3.9 years
 - Energy savings expected: 278,000 kwh



United States Department of Agriculture

April Joy Farm Solar Project Successful REAP Grant Applicant



The Story

- Small farm located in Ridgefield, WA
- Holistic approach to farming
- CSA, sell direct to local restaurants,
and raise heritage pork.



- Agricultural producer-more than 50% of revenue is derived from agricultural products.
- Offset close to 50% of yearly energy.
- Business can utilize all of solar power produced.
- Strong financial return.

What is the ideal REAP applicant?

- Awarded more points when the energy offset is greater than 50%.
- Very small rural business (less than 15 employees and \$1,000,000 in annual receipts).
- Strong financial payback (less than ten years awarded highest number of points).
- The business **MUST** be able to demonstrate that it can use the energy produced by the solar array (in other words, this can't go to fund your home electric usage).

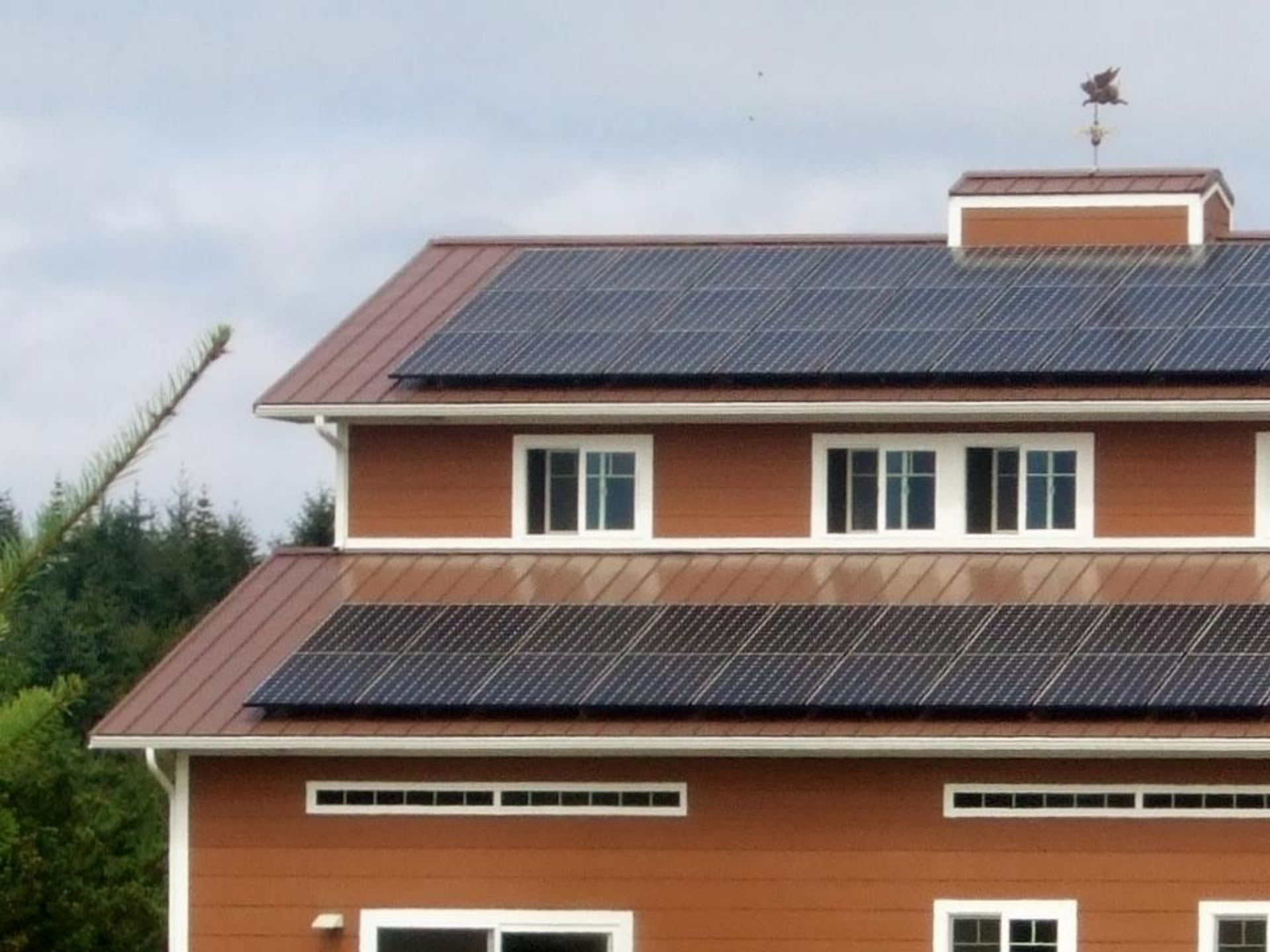




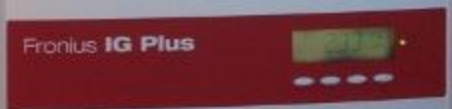


 Holiday Inn
Express
& Suites















REAP Application process

- Accepting Application for FY 2015
- Can start project once complete application is submitted. *Washington will review for eligibility and issue letter*
- Application template is available – See Resource slide below.
- Consider Hiring Grant Writer



Application process and forms

- Under *present* Regulation use templates online with WA website.
- New Regulation pending will have a more consolidated application process than the templates (yay!!)
- 3 years tax return info
- Organizational Docs *except* sole proprietor
- DUNS and SAM registration (**Always FREE!** Instructions available from RD)
- Audit (project cost +\$50k) or Assessment for -\$50k on Energy Efficiency (these levels may change with new regulation to higher threshold)
- Technical report that describes the project and details of energy saved, replaced or produced, pay back information including other rebates, incentives.
- Environmental requirements, if any
- Application forms and certifications

Continued

- Bank statement or letter of credit for matching funds
- One year's bills for those energy sources/fuel types affected by this project (energy efficiency)



Environmental

Discuss environmental review process for your project with the Business Specialist

Any *ground breaking* requires NEPA (National Environmental Protection Act review)

REAP Grants

- **Covers 25% of the cost of a rural energy project**
- **Minimum/Maximum REAP grant**
 - **RES projects: \$2,500 / \$500,000**
 - **EEl projects: \$1,500 / \$250,000**
- **Eligibility limited to Ag Producers & Rural Small Businesses**
- **No lender involved**
- **Matching funds required**
- **Other incentives – PUD or PSE / Tax incentives in WA until 2020 on Renewable)**



REAP Guaranteed Loans

- **Finances up to 75% of the cost of a rural energy project**
- **Minimum / Maximum REAP Loan**
 - **RES & EEI projects: \$5,000 / \$25mm**
- **Eligibility limited to Ag Producers & Rural Small Businesses**
- **Lender-driven process with a federal guarantee of 60-85% on the bank's loan**



REAP "Combos" **(Grants & Guaranteed Loans)**

- **Combination cannot exceed 75% of project cost**
- **"Combo" requires a lender**
 - **If grant not awarded the guarantee is not.**



REAP CHANGES

- No Feasibility Study Grant
- Three Tier level of review. \$80k less streamlined and require minimal documentation
- New application Template
- U.S. Citizen or Permanent Resident –
 - Removed from Regulation



Resources

Washington REAP website:

<http://www.rurdev.usda.gov/wa/BUSREAP.htm>

http://www.rurdev.usda.gov/regs/regs_toc.htm

Part 4280-B Regulations

Oregon Business Programs Website:

<http://www.rurdev.usda.gov/ORbcp.html>

Oregon REAP website:

http://www.rurdev.usda.gov/ORbcp_energy.html



Where to Apply for REAP Funding

The Rural Energy for America Program (REAP) is administered by the Rural Business-Cooperative Service within the mission area of Rural Development. Applications are accepted centrally at:

**USDA Rural Development
Att: Carlotta Donisi
1835 Black Lake Blvd. SW, Ste. C
Olympia, WA 98512**



RD Contacts

- **Washington Contacts**
 - **Carlotta Donisi, Western Washington 360-704-7724**
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 - **Roni Baer, Eastern Washington 509-454-5740, Ext. 134**
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- Sign up for Alerts to be notified of notices and rule changes at:
- <https://public.govdelivery.com/accounts/USDARD/subscriber/new>



Thank you for attending!