

Renewable Energy and Energy Efficiency Program:
Farm Bill Section 9006



Funding for Rural Energy Efficiency and Renewable Energy Projects

Grants & Guaranteed Loans



Committed to the future of rural communities.

Will Dodson

June 1, 2007



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

What is the Section 9006 Program?

- Program designed to assist farmers, ranchers and rural small businesses with energy projects
- This program provides grants and loan guarantees for renewable energy and energy efficiency projects
- Originally created as a 5 year program. Renewed and expanded in the 2007 Farmbill.

Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006



Funding Levels

- For Fiscal Year 2007 there is \$11.4 Million set aside for competitive energy grants and \$176.5 for Million for Guaranteed Loans.



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

Grants coming back to Tennessee

- In FY2005 1 Energy Grant funded for \$60,000. Tennessee Bioenergy Inc., Richard Onderka
- In FY2006 5 Energy Grants were funded for a total of \$72,395. Martin's Greenhouse, Tennessee Hickory Products Inc., Design Team Sign Co., K.Y.T.A, and A.P.C. Rentals LLC.





Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

Definitions

- **Renewable Energy System** is a process that produces energy from renewable energy sources (energy derived from a wind, solar, biomass, geothermal, or anaerobic source)
- **Energy Efficiency Improvement** is an improvement to a facility or process that reduces energy consumption



Energy Program Eligibility

- **Applicant Eligibility**

1. Agricultural Producer or Rural Small Business
2. US Citizens or Permanent Residency
3. Entities 51% or + US owned
4. No Fed Judgments, Delinquencies, Debarment
5. Demonstrated Financial Need!!! (Grants)

B. If applicant has received one or more grants under program then satisfactory progress must be made towards completion of any previously funded projects before any subsequent funding awarded.



Section 9006 Eligibility

- **Project Eligibility**

- A. Purchase a Renewable Energy System or Make Energy Efficiency Improvements
- B. Precommercial or Commercially Available Technology
- C. Technical Merit (Determined by Tech Report)
- D. Rural Area location (Under 50,000 Population)
- E. Applicant = Owner, control of O&M, 3rd party can be used to manage
- F. Site controlled by applicant for financing term
- G. Revenue sufficient to cover O&M, Management, debt service for the life of the project.



Energy Program Eligibility

- Grants request can be up to 25% of total eligible project costs
 - **Renewable Energy:**
 - **\$2,500 to \$500,000**
 - If total eligible project costs over \$200,000 then Business level feasibility study.
 - **Energy Efficiency**
 - **\$1,500 to \$250,000**
 - If total eligible project costs are over \$50,000 then an energy audit is required, otherwise energy assessment.

Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006



So What Costs Are Eligible?

1. Post-application purchase and installation of equipment, (or remanufactured), except agricultural tillage equipment, used equipment, and vehicles
2. Post-application construction or improvements, except residential , i.e., now assisted livings.
3. Energy Audits or Energy Assessments
4. Permit and License Fees
5. Professional Service Fees, except for app prep
6. Feasibility Studies and Technical Reports





Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

So What Costs Are Eligible Part II

7. Business Plans
8. Retrofitting
9. Construction of a new EE facility in some cases only!

REMEMBER – Only costs identified in the energy audit for EE improvements are allowed!



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006



What Costs are NOT Eligible

- Pre-application construction
- Residential improvements
- Energy efficiency improvements related to new construction
- Vehicles or Agricultural tillage equipment
- Applicant in-kind contributions (over 10%)



Thresholds

- Maximum assistance to any one borrower in a fiscal year will not exceed \$750,000
- Simplified Application Process for projects with total eligible project costs of \$200,000 or less
- Technical Report- Appendix A will be followed for projects less than \$200,000.
- Professional Engineer involved if RE Project over \$400,000 or EE Project over \$200,000
- Simple Contract Method under \$200,000



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

Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006



Let's Get Some Money Back To Tennessee (...where it needs to be!)

- **Start the process early**
- **Contact our Area Office and begin discussions of eligibility, deadlines, and to begin the environmental process.**

“In the first three years of the 9006 program, USDA has awarded a total of 435 grants totaling \$66.7 million to agricultural producers and rural small businesses in 36 states. In addition, the first two loan guarantees were awarded at the end of fiscal year 2005 for \$10,100,000.”



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006



Fiscal Year 2007 Funding

- **The deadline for Energy Grant Applications was May 18, 2007**





Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

Business & Industry Guaranteed Loan Program

- **Up to 80% Federal Guarantee on commercial loans**
- **Loan funds can be used for Working Capital, Land, Equipment, Debt Refinancing**
- **Collateral must be sufficient to protect interests of Lender and Agency**
- **Maximum Loan Amount is \$25 Million**
- **Rates and Terms negotiated between the Lender and the Borrower**



Committed to the future of rural communities.



Committed to the future of rural communities.



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

Fiscal Year 2007 Funding

- **Guaranteed Business & Industry Loan Program Funds are allocated to each state each year. Applications are accepted year round.**
- **Funding for Guaranteed B&I Program is \$35.4 Million this year.**



Renewable Energy and Energy Efficiency Program: Farm Bill Section 9006

will.dodson@tn.usda.gov or 615-783-1350



Committed to the future of rural communities.