



2017 Coleman Secondary Market Summit

USDA Energy Program Opportunities

**Washington, DC
December 5, 2017**

Rural Energy for America Program (REAP)

Promotes energy efficiency and development of renewable energy for agricultural producers and rural small businesses through:

- Grants for energy audits and renewable energy development assistance
- Guaranteed loans and grants for energy efficiency improvements and renewable energy systems

Eligible REAP Applicants and Borrowers

Agricultural Producers

















- **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 Businesses



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

Improve Profits with REAP

Energy Efficiency (Examples)		Renewable Energy	
	Lighting		Solar
	Heat & Power		Wind
	Refrigeration		Small Hydroelectric
	HVAC		Anaerobic Digesters
	Equipment and Processes		Biomass
	Automated Controls		Geothermal
	Buildings Updates		Wave/Ocean Power

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

Renewable Energy Systems

Energy Efficiency Improvements

Grant amount cannot exceed 25% of Eligible Project Cost

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

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

Loan amount and Loan and Grant combo amount cannot exceed 75% of eligible project cost

- Details**
- USDA guarantees a commercial loan; applicant must have a willing lender.
 - Terms are negotiated between the lender and borrower.
 - Guaranteed Loan Applications are processed continuously as received.

REAP Guaranteed Loan Terms

✓ GUARANTEE

- 85% for loans \$600,000 or less.
- 80% for loans over \$600,000 up to \$5 Million
- 70% for loans over \$5 Million up to \$10 Million
- 60% for loans over \$10 Million





REAP Guaranteed Loan Terms



MAXIMUM TERM LIMITS

- Working Capital – 7 Years
- Machinery & Equipment – 15 Years
(or useful life, whichever is less)
- Real Estate – 30 Years

INTEREST RATE

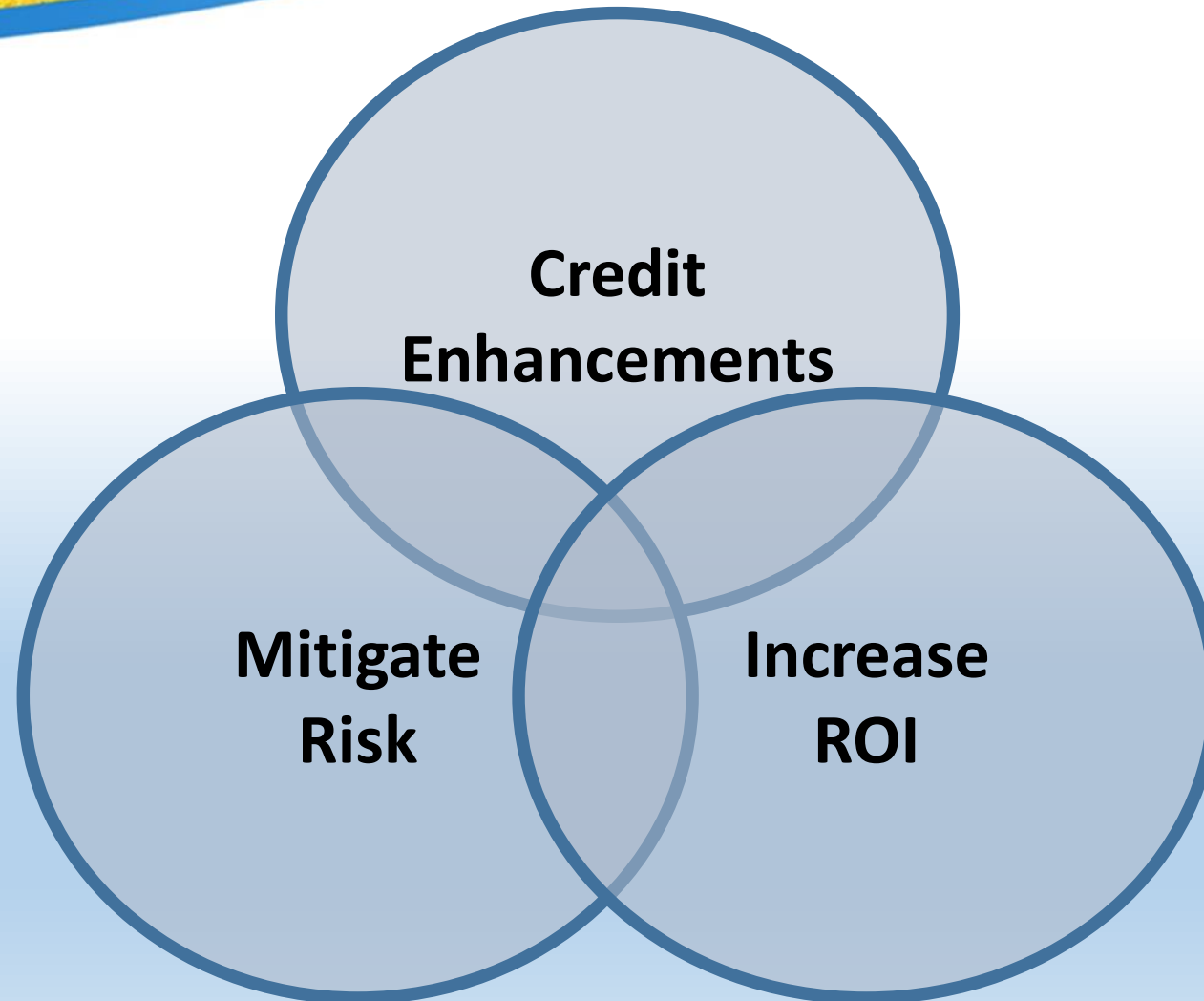
- Fixed or Variable; if variable can be adjusted quarterly
- Negotiated between lender and borrower

FEES

- One-time guarantee fee of 1%
- ¼% annual renewal fee



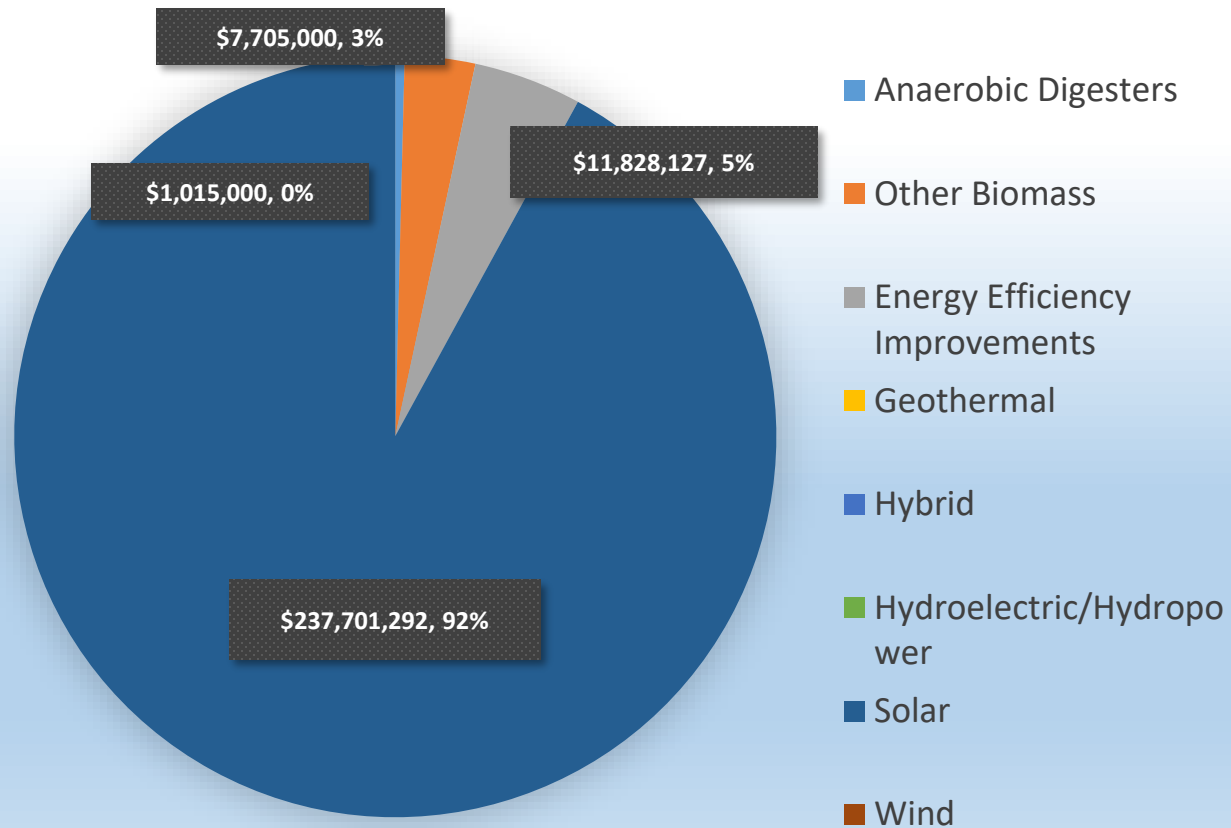
Why Loan Guarantees?



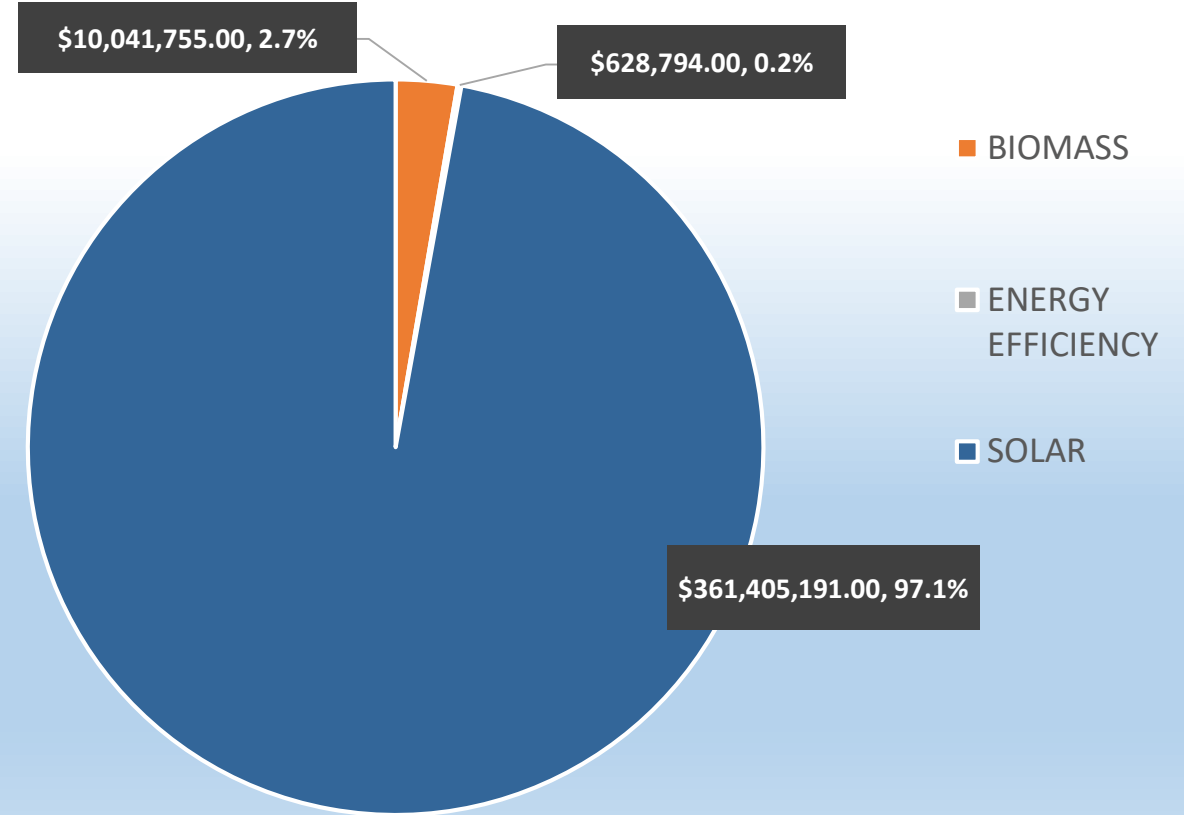
Rural Energy for America Program FY 2016 & 2017 Results

	FY 2016		FY 2017		FY 2018
Grant Obligations:	1199 Grants	\$37,233,908	1115 Grants	\$37,497,750	\$37,527,530 Available
Guaranteed Loan Obligations:	67 Loan Guaranteed	\$258,249,419	91 Loans Guaranteed	\$372,075,740	\$566,604,160 Available
Grants Range:	\$1,643 to \$500,000		\$1,776 - \$500,000		
Guaranteed Loans Range:	\$18,519 - \$10,000,000		\$89,037 - 25,000,000		
Energy Generated/Saved:	1.8 million megawatt hours annually		3.48 million megawatt hours annually		

FY 2016 Loan Amount: \$258,249,419



FY 2017 Loan Amount: \$372,075,740.00





REAP Lender Eligibility:

- **Meet eligibility of August 2, 2016 B&I rule, or**
- **Meet eligibility of the B&I rule that was in effect on December 29, 2014**

REAP Borrower Eligibility:

- **Rural small business (excluding residential), or**
- **Agricultural producer (not limited by size or project location)**



REAP Project Eligibility:

- **Specific eligible renewable energy systems**
- **Energy efficiency improvements (broad)**
- **Commercially available technology and equipment**
- **Project may be for production agriculture purposes**
- **Limited refinancing**
- **Residential self-use is not eligible**
 - **Utility selling to residential consumer is eligible**
 - **Community-owned systems may be eligible**

REAP Guaranteed Loan Terms, Conditions, and Fees:

- **Guarantee fee is 1% and annual renewal fee is 0.25%**
- **85% guarantee to loans of \$600,000 and less**
- **Turn-key projects**
- **Minimum of 25% of project cost financed/funded by other funds
(Other funding may include B&I, SBA, or other loans.)**
- **No balance sheet equity test**
- **Structure of the credit and credit evaluation as:**
 - **Commercial loan**
 - **Agricultural producer loan**
 - **Project finance/cash flow**

REAP Application Cycles

REAP Program	Application Deadlines	FY 2018 Funding (Est.)
<ul style="list-style-type: none"> Energy Audit and Renewable Energy Development Assistance Grants 	January 31 of each year	\$1,868,000
<ul style="list-style-type: none"> Grants of \$20,000 or less 	October 31 and March 31 of each year	\$9,350,295
<ul style="list-style-type: none"> Unrestricted grants 	March 31 of each year	\$26,309,235
<ul style="list-style-type: none"> Guaranteed Loans 	Loan applications are processed continuously	\$566,604,160

More REAP Information and How to Apply

- **Program Website:** www.rd.usda.gov/reap
- Contact the USDA Rural Development Energy Coordinator in your state for application materials and resources:
http://www.rd.usda.gov/files/RBS_StateEnergy_Coordinators.pdf
- Submit applications at any time to USDA Rural Development in your State.
- Applications for guaranteed loans are processed continuously throughout the year.





9003 Biorefinery Assistance Program

Provides guarantees on loans of up to \$250 million for the construction and retrofitting of commercial scale biorefineries that produce advanced biofuels, renewable chemicals, and/or biobased products and biobased product manufacturing facilities.

Web Links

- **USDA Rural Development**
<http://www.rd.usda.gov/programs-services/all-programs>
- **Rural Energy for America Program**
<https://www.rd.usda.gov/programs-services/rural-energy-america-program-energy-audit-renewable-energy-development-assistance>
- **RBS Energy Lender Subscription Page**
<https://public.govdelivery.com/accounts/USDARD/subscriber/topics>
- **Rural Area Eligibility**
<http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do?pageAction=rbs>
- **Where Should Applications be Filed?**
<http://www.rd.usda.gov/contact-us/state-offices>
- **Lender Interactive Network Connection**
<https://usdalinc.sc.egov.usda.gov/>





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