



Rural Energy for America Program

REAP

*Renewable Energy
Systems & Energy
Efficiency Improvements
Program*





REAP – What is it?

Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses to purchase or install renewable energy systems or make energy efficiency improvements.

REAP – Why?

This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements. Over time, these investments can also help lower the cost of energy costs for small businesses and agricultural producers.

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

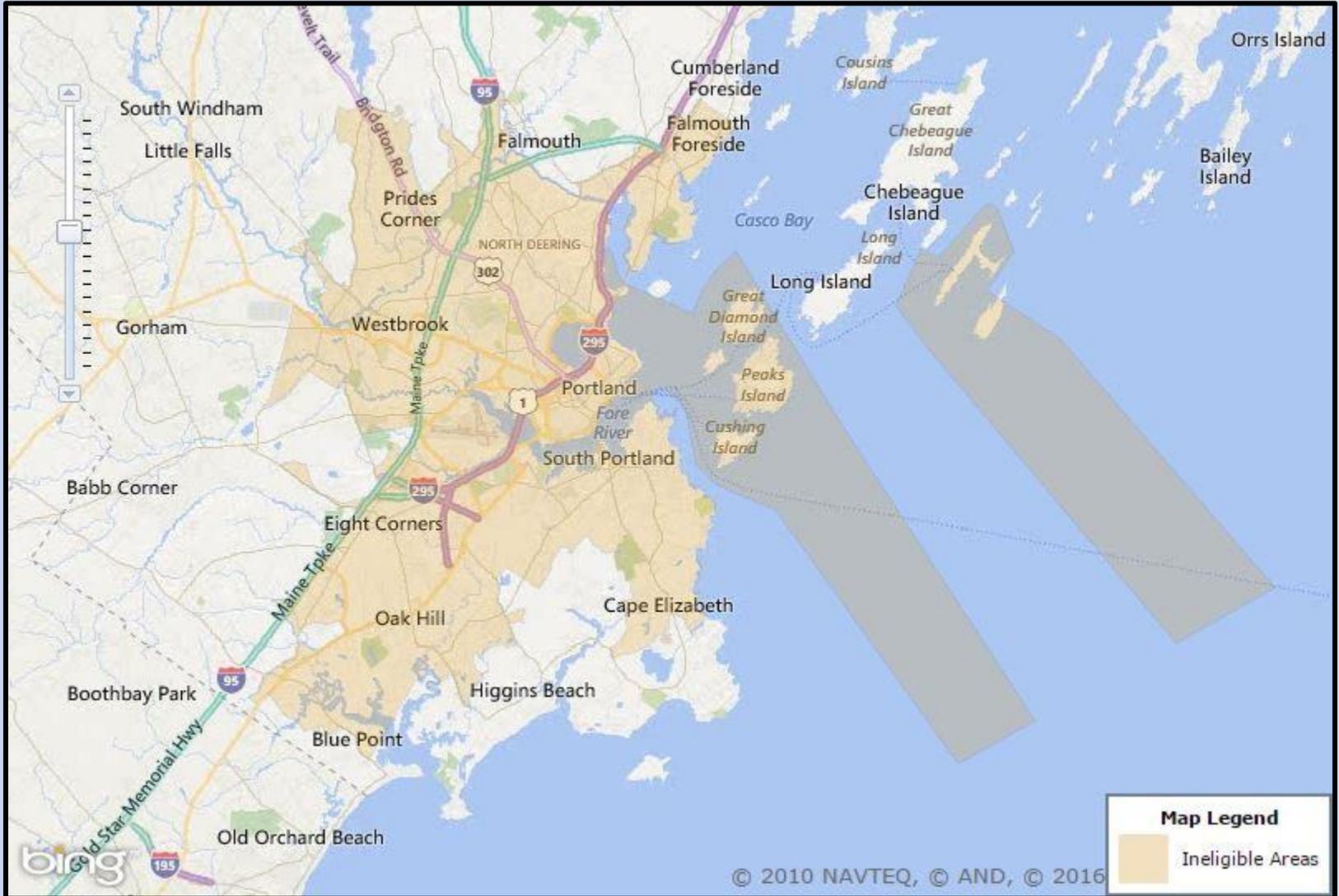
Eligible Applicants

Rural Small Business



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

Maine Ineligible Areas



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.

REAP Grant Assistance

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

| | |
|----------------------------|--|
| <p>Minimum Loan Amount</p> | <p>\$5,000 Total eligible project costs \geq \$6,667</p> |
| <p>Maximum Loan Amount</p> | <p>\$25 million Total eligible project costs \geq \$33.4 million</p> |
| <p>Details</p> | <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. |



Eligible Project Costs

- **Equipment:**
 - Purchase & installation
 - New or refurbished
- **Post-application construction & facility improvements**
- **Retrofitting**
- **Professional service fees**
- **Permits & license fees**
- **Working capital, land acquisition (Guarantee loan ONLY with restrictions)**



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**

Some Parts of a REAP Application

- Financials for the last three years (tax returns).
- Technical report for the project.
- Details of the scope of the project.
- Detailed breakdown of costs (proposals, quotes).
- Project team qualifications (resumes, similar projects).
- Amount of energy saved/generated.
- Simple payback calculations.
- Energy Assessment/Energy Audit.
- Feasibility Study.
- At least the last 12 months utility bills.
- Government forms!

Maine REAP Allocations And Deadlines – FY 2016

| | |
|-------------------------------------|---|
| <p>Grants of \$20,000 and less</p> | <ul style="list-style-type: none"> ➤ November 1st – \$85,000 (already awarded) ➤ May 1st – Approx. \$85,000 |
| <p>Regular (unrestricted)</p> | <ul style="list-style-type: none"> ➤ May 1st – Approx. \$570,000 |
| <p>Continuous Application Cycle</p> | <ul style="list-style-type: none"> ➤ Guaranteed Loans – Approx. \$200 million nationally <p>*Loan must score a minimum of 50 to compete monthly</p> |

Maine REAP Awards – FY 2015

- Received 42 applications requesting ~ \$2.36 million in grant funds.
- Renewable energy systems comprised 35 of the applications received and energy efficiency improvements the other 7.
- Funded 28 applications for a total of ~ \$1.78 million.
- Funded 17 applications under \$20,000 and 11 over \$20,000.
- Smallest grant was for \$1,867 (reverse osmosis on maple syrup production).
- Largest was tied for \$500,000 (anaerobic digester and biomass-fueled power generation.)
- Funded two projects totaling ~ \$520,000 from projects that competed at the National level.

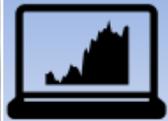
Chicken Farm



Radiant heat, fans, vents & computerized controls



- \$99,293 Total Cost
- \$20,000 REAP Grant
- \$79,293 Commercial Loan



Improved egg production, reduced time and labor, energy savings

Energy Efficiency



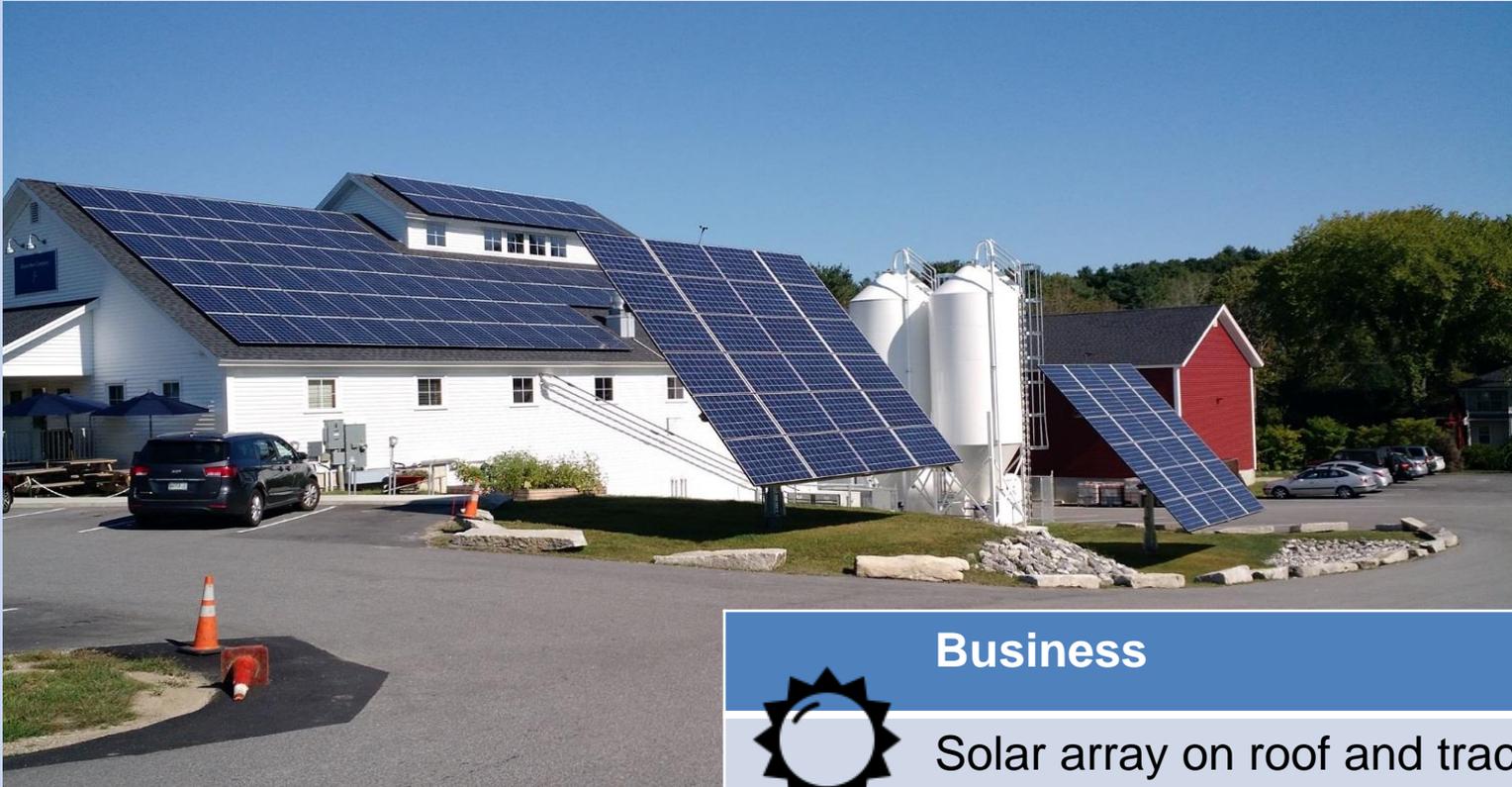
Renewable Energy



| | |
|---|---|
| Small Energy Company & Dairy Farmers | |
|  | 1 MW Anaerobic digester |
| | <ul style="list-style-type: none">• \$ 4.15 Million Total Cost• \$ 100,000 REAP Grant• \$ 2.65 Million REAP Guarantee |
| | Powers an equivalent of 700 homes/year |



Renewable Energy



Business



Solar array on roof and trackers



- \$ 197,092 Total Cost



- \$ 49,273 REAP Grant



- \$ 147,819 Applicant funds

~50% of energy replaced

Renewable Energy



Rural Auto Repair Shop



11 kW micro-hydropower turbine

- \$ 78,511 Total Cost
- \$ 19,695 REAP Grant
- \$ 58,816 Applicant Funds

51% reduction in energy costs

Renewable Energy



| Farm | |
|---|------------------------------|
|  | Solar array on trackers |
|  | • \$ 935,195 Total Cost |
|  | • \$ 227,681 REAP Grant |
|  | • \$ 707,514 Applicant funds |
|  | ~20% of energy replaced |

Energy Efficiency



Rural Manufacturer

Grocery Store



Efficient lighting system

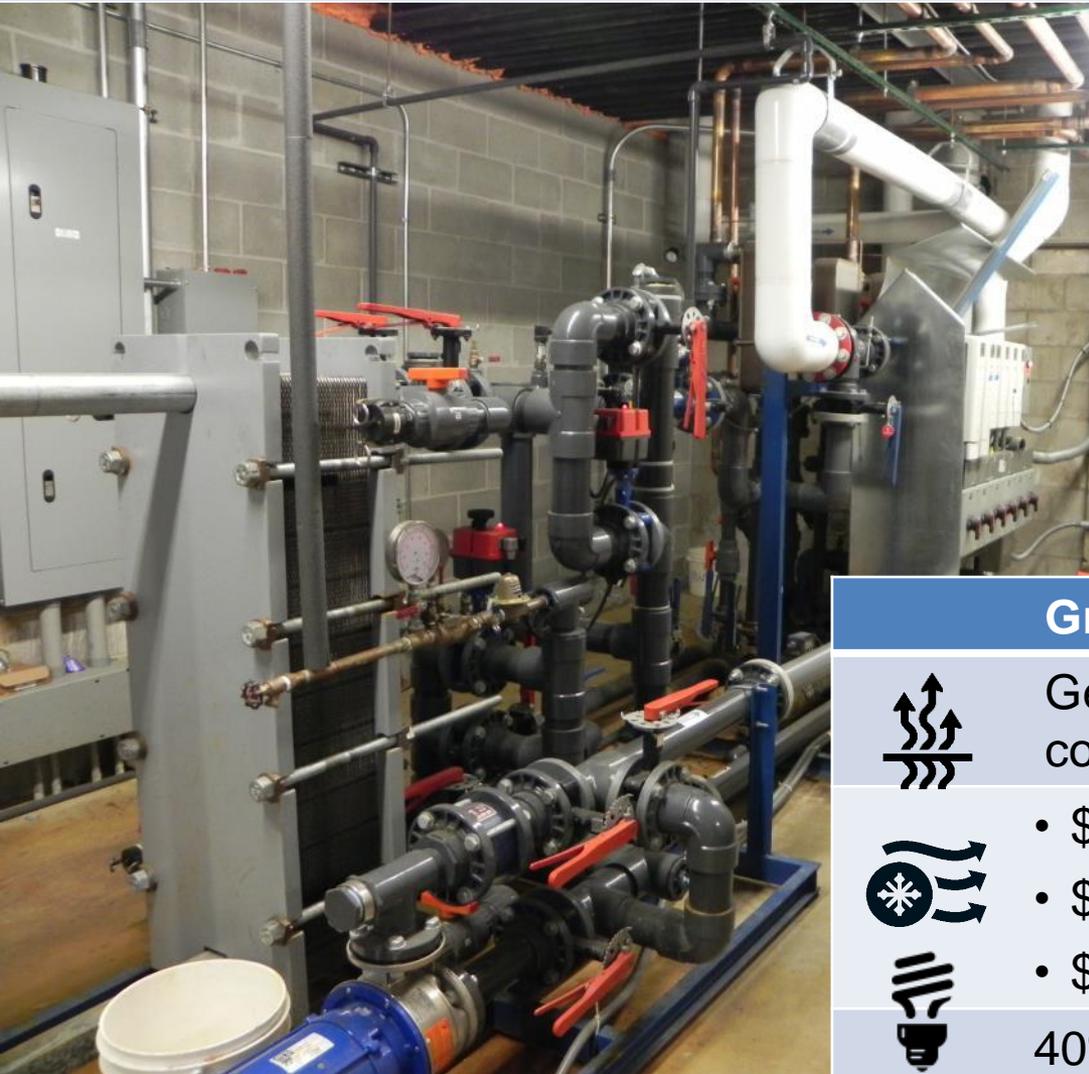
- \$78,511 Total Cost
 - \$19,695 REAP Grant
 - \$58,816 Applicant Funds
- 50% savings on lighting bill



Energy efficient cooler doors

- \$ 41,363 Total Cost
 - \$ 8,827 REAP Grant
 - \$ 2,950 Electric Co-op Rebate
- \$500 per month savings

Renewable Energy



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

Energy Efficiency



Flower & Gift Shop



Energy efficient heating & cooling, insulation



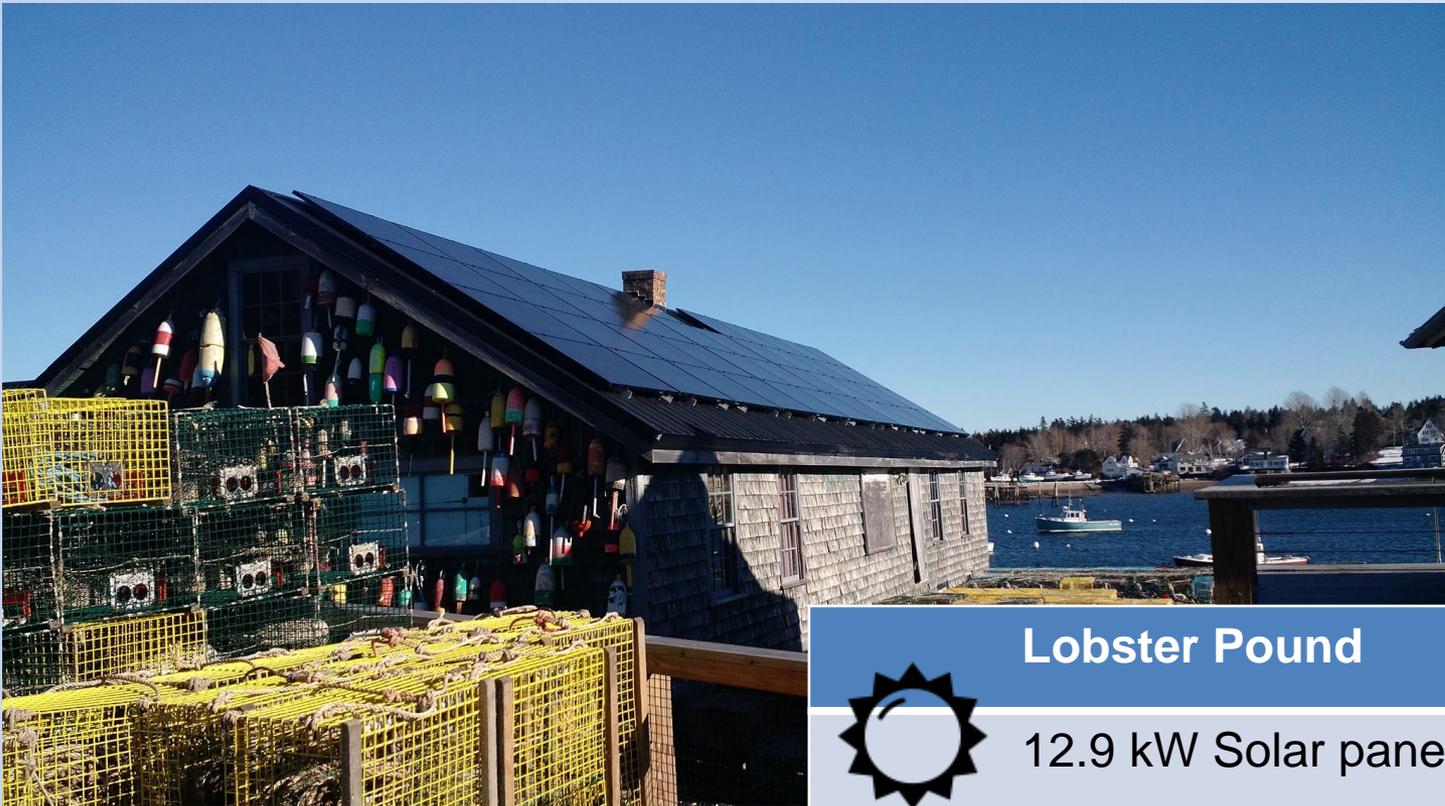
- \$ 34,509 Total Cost
- \$ 8,627 REAP Grant



- \$ 17,200 REAP Guarantee
- \$ 8,682 Applicant Funds

60% reduction in energy costs

Renewable Energy



Lobster Pound



12.9 kW Solar panel array



- \$ 46,952 Total Cost

- \$ 11,738 REAP Grant



- \$ 35,214 Applicant funds

~18% of energy replaced

Tips/Hints to a Successful REAP Project

- Start discussions early with Rural Development. Applications always take longer than you think.
- Get your application in and receive confirmation prior to spending money on your project, if possible.
- The maximum grant request is 25% of the eligible project costs. You can ask for less than 25% and it will increase your score.
- Max score is 100. Average scores are around 65. Scores of funded applications average around 71. A few points makes a big difference.
- There are environmental considerations – **always**. If you are disturbing ground, cutting trees, in a historic area, work in the water – let us know well ahead of time.

Tips/Hints to a Successful REAP Project

- Veterans or a member of an unserved or under-served population have an opportunity for additional points.
- Be able to document how you will pay for the project.
- Pay attention to your contracts with providers, installers, and vendors.
- Get and keep all receipts, invoices, bills, etc. related to your project. Make sure they are dated. You will need them later in order to be reimbursed.
- REAP grant money almost always gets reimbursed to you after the project is finished and all paid for.

How to Apply

- Contact USDA Rural Development personnel for application materials and resources:

Cheryl Pelletier, Loan Specialist

(207) 764-4157 ext. 135

cheryl.pelletier@me.usda.gov

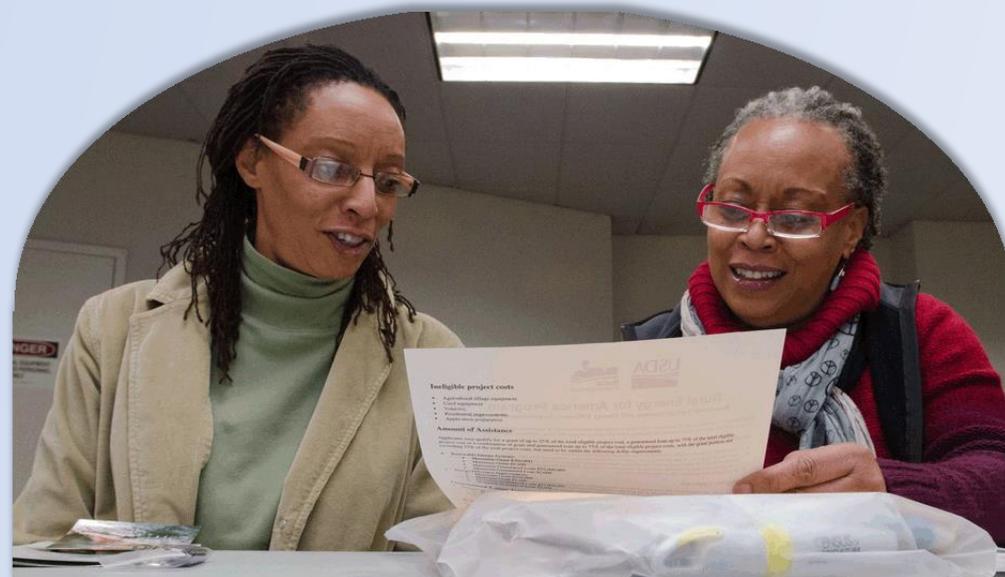
Brian Wilson, P.E., State Energy Coordinator

(207) 990-9168

brian.wilson@me.usda.gov

How to Apply

- Submit applications any time of year.
- Applications compete for funding based on score throughout the year.
- Multiple opportunities to compete depending on the size of the grant request.



Additional Funding & Technical Assistance

- <http://www.energymaine.com/>
- <http://www.gpcog.org/>
- <http://energy.gov/savings/business-energy-investment-tax-credit-itc>





Rural Energy for America Program (REAP)

www.rd.usda.gov/reap

Rural Business-Cooperative Service
Energy Programs

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