



Frequently Asked Questions

Affordable Rural Cooperative (ARC) program

Version 1.0 published September 30, 2026

USDA Rural Development's Rural Utilities Service (RUS) is providing a list of questions asked by the public regarding the ARC program. Some of the questions will be extremely specific to a particular potential applicant but are included in this Frequently Asked Questions (FAQ) to ensure transparency and that everyone has access to the same information.

Because information changes, always consult official program regulations or contact your RUS General Field Representative for help. A list is available at this link: <https://www.rd.usda.gov/contact-us/electric-gfr>.

You can email ARC program questions to SM.RD.RUS.ARC-Questions@usda.gov

DISCLAIMER: The information in this guide does not outweigh technical and regulatory language in the Inflation Reduction Act (IRA) (link available here: <https://www.congress.gov/bill/117th-congress/house-bill/5376/text>). ARC is governed by Section 22004 of the IRA. In questions of precedence, always refer to the Public Law or regulation.



Contents

ARC Questions	3
Eligible Activities	3
Are transmission projects limited to voltage conversions (e.g. 34.5kV to 69kV or 69kV to 115kV, etc.)?	3
Are step down transformers from transmission (high side) to distribution (low side) an eligible expense under the transmission efficiency part of this program?	3
What investments qualify for transmission efficiency funding?.....	3
Is Smart Grid technology eligible for ARC funding?	3
Can a co-op request funding for a Power Purchase Agreement (PPA) with a plant the co-op formerly owned and from which it formerly received power?.....	4
Timing and Dates.....	4
Can ARC funds be used to finance investments or costs incurred prior to the date of publication (September 14, 2026)?	4
Can I preorder materials for a proposed ARC project that I plan to submit?	4
If a PPA was executed by an Eligible Entity prior to September 14, 2026, as long as construction has not commenced prior to September 14, 2026, would such a PPA be eligible to be included in an LOI for up to 25 percent grant funding under ARC?	4
If a co-op has executed a PPA with a yet to be operating nuclear facility prior to the publication of the ARC NOFO but has not purchased nor received power under the agreement, could this be eligible for funding under ARC?	5



ARC Questions

Eligible Activities

Are transmission projects limited to voltage conversions (e.g. 34.5kV to 69kV or 69kV to 115kV, etc.)?

No. The ARC Program does not prescribe specific voltage-conversion pairs. Instead, eligibility depends on whether the proposed project improves transmission efficiency. Applicants are encouraged to review the definition of Transmission Energy Efficiency Improvements in the ARC Notice of Funding Opportunity (NOFO) for examples of projects that may demonstrate transmission efficiency.

Are step down transformers from transmission (high side) to distribution (low side) an eligible expense under the transmission efficiency part of this program?

Yes—step-down transformers may be eligible if the proposed investment directly results in measurable transmission-efficiency improvements.

What investments qualify for transmission efficiency funding?

Any commercially available technology that the applicant proposes to make in its transmission system that enhances efficiency. Applicants are encouraged to review the definition of Transmission Energy Efficiency Improvements in the ARC NOFO for examples of projects that may demonstrate transmission efficiency.

Is Smart Grid technology eligible for ARC funding?

Yes, provided that Smart Grid technology adds to the efficiency of the applicant's transmission grid.



Can a co-op request funding for a Power Purchase Agreement (PPA) with a plant the co-op formerly owned and from which it formerly received power?

Yes, generally subject to the timing elements discussed elsewhere in this FAQ, energy purchases from nuclear facilities previously owned by the applicant are eligible under the ARC program so long as the energy was not being delivered to the applicant as of the date of the ARC publication.

Timing and Dates

Can ARC funds be used to finance investments or costs incurred prior to the date of publication (September 14, 2026)?

No. Projects constructed prior to the date of publication or projects that have commenced construction prior to RUS environmental approval are generally ineligible for ARC funding.

Can I preorder materials for a proposed ARC project that I plan to submit?

Yes. However, no construction can have commenced prior to completion of the environmental review process. Applicants must understand there is no guarantee that projects will be approved for funding and that if the project is approved, any pre-award costs may only be allowed to the extent they would be allowed under an ARC award. The applicant bears full risk for such preorder activity.

If a PPA was executed by an Eligible Entity prior to September 14, 2026, as long as construction has not commenced prior to September 14, 2026, would such a PPA be eligible to be included in an LOI for up to 25 percent grant funding under ARC?

Yes, under the scenario described above, the PPA could be eligible for grant funding under ARC.



If a co-op has executed a PPA with a yet to be operating nuclear facility prior to the publication of the ARC NOFO but has not purchased nor received power under the agreement, could this be eligible for funding under ARC?

Yes, energy purchases from new or repowered nuclear facilities are eligible under the ARC program so long as the nuclear facility was not producing the energy to be purchased under the PPA as of the date of the ARC NOFO publication, the energy was not being delivered to the applicant as of the date of the ARC NOFO publication, and energy will not be received or purchased from the facility until after the date of the ARC NOFO publication.