Rural Energy for America Program Renewable Energy Systems and Energy Efficiency Improvement Grants

What does this program do?

The program competitively awards grant money to agricultural producers and rural small businesses to reimburse expenses for the installation of renewable energy systems or energy efficiency improvement projects.

This program strengthens America's energy independence by reducing energy use and increasing clean energy production. Over time, these investments lower energy costs for small businesses and agricultural producers.

REAP: Renewable Energy Systems and Energy Efficiency Improvement Grants

Who can apply?

- Rural agricultural producers
- Rural small businesses

Eligible businesses include:

- For-profit business independently owned operated
- A business that is wholly owned by an Indian Tribe

The applicant must be the highest-level owner of the business. The applicant must be an existing business, not a start-up.

For more information about applicant eligibility requirements review 7 CFR 4280.120 at https://tinyurl.com/7CFR4280B.

NOTE: Applicants cannot have any overdue federal taxes, unpaid federal debts, federal judgments, or be barred from receiving federal funds.

What is an eligible area?

Projects must be in a rural area with a population of 50,000 or fewer. Check if your address is eligible at tinyurl.com/RDEligibility.

How can funds be used?

Funds can be used to reimburse expenses for purchased and installed renewable energy systems such as:

- Biomass systems (like biodiesel and ethanol, anaerobic digesters, or solid fuel systems)
- Geothermal systems for producing electricity or direct use
- Hydropower systems under 30 megawatts
- Hydrogen systems
- Wind turbines
- Solar energy systems
- Ocean energy systems that use tides, currents or thermal energy

Funds also can be used to reimburse expenses for purchased and installed energy efficiency improvements, such as:

- High-efficiency heating, ventilation and air conditioning (HVAC) systems
- Insulation
- Energy-efficient lighting
- High-efficiency cooling or refrigeration units
- Energy-efficient doors and windows
- Electric, solar, or gravity-powered pumps for irrigation pivots
- Replacing a diesel irrigation motor with an electric motor
- Replacing equipment that uses more energy than necessary

USDA Rural Development
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What types of funding are available?

Grant funding is available for up to 25 percent of total project costs.

Note: An application may also be filed for a REAP Loan Guarantee (tinyurl.com/RBCSREAPEE) and total REAP funding cannot exceed 75 percent of total project costs.

What are some of the grant terms?

Renewable Energy System Grants:

- Minimum grant amount: $1,500
- Maximum grant amount: $500,000

Energy Efficiency Grants:

- Minimum grant amount: $1,500
- Maximum grant amount: $250,000

Applicants must provide cost sharing.

Energy efficiency projects require an energy audit or assessment.

What are some of the grant restrictions?

- The project must have been installed and operated for at least 12 consecutive months before you submit the application.
- Each person or business, including those with shared owners or managers, can submit only one application and receive one award per federal fiscal year.
- The applicant must have stable finances with a current assets to current liabilities ratio equal to or greater than 1:1.
- Businesses cannot be headquartered in a foreign adversary country.
- Ground-mounted solar and wind projects cannot be installed on cropland.
- Ground-mounted solar and wind projects on non-cropland must show commensurate historical energy use, meaning the system must be sized appropriately and be aligned with past energy usage.
- Beginning October 16, 2026, all solar pv and wind projects cannot include components made in countries designated as foreign adversaries.
- The cost recovery period (simple payback) must not exceed the useful life of the project.

How do I get started?

- Read the regulation
- Helpful documents and resources can be found on the REAP webpage at tinyurl.com/RBCS-REAP-EE-Grants

How do I apply?

Grant applications must be submitted in https://prosperus.usda.gov.

How will my application compete?

For more information on how your application will be scored review 7 CFR 4280.140(d) at tinyurl.com/7CFR4280B

Who can answer questions?

Contact your State Energy Coordinator at tinyurl.com/RDStateEnCoor

What governs this program?

- Grants: 7 CFR 4280, Subpart B, (tinyurl.com/7CFR4280B)
- Guaranteed Loans: 7 CFR 5001, (tinyurl.com/7CFR-5001)

Program authorization:

- Title IX of the Agricultural Improvement Act of 2018 www.congress.gov/115/bills/hr2/BILLS-115hr2enr.pdf

NOTE: Because information changes, always consult official program instructions or contact your local Rural Development office for help. A list is available at this link: tinyurl.com/RDStateOffices. You will find additional resources, forms, and program information at rd.usda.gov. USDA is an equal opportunity provider, employer, and lender.

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