Inflation Reduction Act
Section 22004
Empower Rural America (New ERA)
Letter of Interest (LOI) Guide

Rural Utilities Service
Electric Program
July 27, 2023
Executive Summary

In August 2022, President Joe Biden signed the Inflation Reduction Act (IRA) into law. IRA makes a historic commitment to build a new clean energy economy while helping to reduce energy costs for families and create thousands of good-paying jobs across rural America. IRA will deliver results through a combination of grants, loans, rebates, incentives, and other investments to support the President’s economic plan. IRA represents the largest investment in rural electrification since the passage of the Rural Electrification Act in 1936.

The Rural Utilities Service (RUS), a Rural Development (RD) agency of the United States Department of Agriculture (USDA), will oversee and implement Sections 22001 and 22004 of the IRA by creating two new programs that establish new loan and grant products. These programs are intended to create unprecedented incentives to expand clean energy, transform rural power production, create jobs, and spur economic growth:

**Powering Affordable Clean Energy (PACE) Program (Section 22001):** The $1 billion PACE Program provides loans to eligible entities, with varying levels of loan forgiveness, to finance projects that generate electricity from renewable energy resources or store electricity in support of renewable energy resources. A Notice of Funding Opportunity (NOFO) for PACE was published in the Federal Register on May 16, 2023.

**Empowering Rural America (New ERA) Program (Section 22004):** The $9.7 billion New ERA Program provides loan and/or grant funds to eligible entities to finance proposals to achieve the greatest reduction in greenhouse gas (GHG) emissions while advancing the long-term resiliency, reliability, and affordability of rural electric systems. A Notice of Funding Opportunity (NOFO) for New ERA was published in the Federal Register on May 16, 2023.

This Guide describes the New ERA Program requirements and provides Applicants with the guidance and instructions necessary to prepare and submit a Letter of Interest (LOI) via Grants.gov. RUS will expand this guide in the future to include additional details on the submission of Applications and the post-Application process requirements under New ERA.

This Guide is specific only to New ERA and is only provided as guidance. The NOFO is the formal guidance for the New ERA Program and any information contained within the NOFO takes precedence over this Guide. All New ERA requirements may be found in the Federal Register Notice at [2023-10392.pdf](govinfo.gov).
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Section I: Pre-Submission Preparation

A. Types of Assistance under New ERA

RUS will offer the following types of financial assistance:

- **Loan**: The interest rate for a loan only award may be set at a fixed percent at 2 percent, zero percent, or at a rate tied to the Federal government’s cost of money. Treasury interest rates are set at the time funds are drawn. These rates are set periodically and can be found at this link: https://tinyurl.com/u5uu742h.
  - A zero percent interest rate is only available where an eligible Project will: replace a stranded asset; where 40 percent or more of the population served is located within Distressed, Disadvantaged, or Energy Communities; will serve SUTA areas (as defined in the funding notice); or will serve a service area located in Puerto Rico, United States Virgin Islands, Guam, American Samoa or other U.S. territories or Compact of Free Association states.

- **Grant**: Applicants can apply for a grant only that equals no more than 25 percent of the total project cost. Applicants would have to demonstrate the ability to meet the remaining 75 percent of the project cost.

- **Loan and Grant Combinations**: Applicants can request loan and grant combination financing for proposed projects.

- **Loan Refinancing or Loan Modification**: In addition to loan and grant combinations, applicants may propose to refinance debt related to a stranded asset if the Applicant utilizes the refinancing savings to fund an eligible project.

An Applicant is requested to identify other Federal funding incentives it intends to receive and use to finance the costs of Projects, other than the funds it is requesting to receive and apply under the New ERA Program. This should include other Federal loan and grant programs, as well as Federal tax benefits that will be pursued. If no Federal tax benefits are being considered, then the Applicant should explain the reasoning. As the NOFO states, the Administrator may take into account the New ERA funding requested relative to the Applicant’s ability to utilize funds from other Federal programs. Although there is no requirement to utilize funds from other Federal programs, it is encouraged, and it may be a consideration with respect to ensuring the affordability of Projects for rural electrical cooperative members.

B. References for additional information

- All New ERA eligibility, definitions, application requirements and scoring criteria may be found in the New ERA NOFO as posted in the Federal Register Notice at 2023-10392.pdf (govinfo.gov) on May 16, 2023 in DOCKET#: RUS-23-ELECTRIC-0005.

- This document aims to provide additional clarifying information about the process and is intended to augment the information shared in the NOFO and FAQs. Access to previously posted questions and answers can be found at https://www.rd.usda.gov/inflation-reduction-act/ira-faqs.
• Information and additional resources on IRA Funding is located at the following website: https://www.rd.usda.gov/inflation-reduction-act#fn. A copy of this Guide and copies of supporting documents and information are available at https://www.rd.usda.gov/programs-services/electric-programs/empowering-rural-america-new-era-program. If you require alternative means of communication for program information (e.g., Braille, large print, audiotape) please contact the 711 Relay Service.

• Questions regarding New ERA can be emailed to: SM.RD.RUS.IRA.Questions@usda.gov. Due to the high volume of questions, we may not be able to respond to all inquiries. Due to the competitive nature of this award, RUS staff are unable to provide strategic guidance but are available for technical assistance. Applicants are encouraged to attend the webinars and office hours that RUS is hosting on New ERA.

• Questions regarding the Grants.gov registration or portal should be directed to Grants.gov Online Help.

C. Submission Requirements and Limitations

A potential Applicant should also be aware of submission requirements and limitations such as those listed below:

• An entity may only submit one LOI, which must be prepared and submitted using Grants.gov.

• Each Applicant may only submit one Application, upon receiving an RUS Invitation to Proceed, and each New ERA Applicant may only receive one Award.

• An Invitation to Proceed or RUS’s approval of a New ERA Application does not constitute approval of any agreement or document outlined in the NOFO, this Guide, or the applicable loan agreement.

• An Applicant must, after submitting an LOI or loan Application, promptly notify RUS of any changes in its circumstances that materially affect the information contained in the LOI or loan Application.

• The Agency will accept consolidated LOIs from groups of Eligible Entities such as a generation and transmission utility and its distribution members or groups of distribution utilities. The Agency will score the consolidated LOIs and New ERA Applications by aggregating the estimated reduction in GHG emissions of each of the Eligible Entity’s Portfolio of Actions into one score. A consolidated LOI or New ERA Application will compete in either Category I, Category II, or Category III, as detailed in Section E.2.i.c. of the NOFO, based on the combined Total Utility Plant (TUP) of the group, which will be the sum of the TUP of each participating Eligible Entity in the group.

The Agency, however, reserves the right to evaluate each Eligible Entity’s proposed Projects in order to determine the technical and Financial Feasibility of each Eligible Entity’s proposed Project or Projects separately. Further, the Agency may review the Financial Feasibility of the New ERA Application on a disaggregated basis by conducting the underwriting individually for each of the individual Applicants. Consolidated Applicants must also be prepared to accept disaggregated contractual and financial commitments relating to their consolidated New ERA Application.

Further, each Applicant in a consolidated LOI or New ERA Application must have an active SAM.gov registration at the time the consolidated LOI or New ERA Application is submitted. The model can be
D. Submission Dates and Times

LOIs can be submitted using Grants.gov beginning at 11:59 a.m. Eastern Time (ET) on July 31, 2023. The online window to submit LOIs will remain open until 11:59 p.m. ET September 15, 2023. RUS will begin evaluating and scoring LOIs as they are received. Invitations to Proceed with an Application will be sent to top-ranking LOIs after the September 15, 2023 deadline. A successful application must meet all program requirements. Scoring and ranking will be re-evaluated prior to funding. RUS reserves the right to ask New ERA Applicants for clarifying information on, or additional information related to, the LOI after it has been submitted on Grants.gov.

E. Prerequisites to Submitting an LOI

It is vital that each Applicant understands and appropriately addresses the following items prior to submitting an LOI via Grants.gov:

**Registered Account via Grants.gov:** You only need to register once in order to apply for Federal funding opportunities on Grants.gov. But if you are applying for the first time, this is a key step in the process. A training video that guides users through the registration process is available ([Intro to Grants.gov - How to Register with Grants.gov (Updated) - YouTube](https://www.youtube.com/watch?v=JkF2ZjRkQsA)).

**Federal Tax Identification Number:** An Applicant must provide their Federal Tax Identification number as part of Standard Form 424 during the LOI submission.

**System for Award Management and Unique Entity Identifier:** At the time of Application, each New ERA Applicant must have an active registration in the System for Award Management (SAM) before submitting its Application in accordance with 2 CFR part 25. In order to register in SAM, entities will be required to obtain a Unique Entity Identifier (UEI). Instructions for obtaining the UEI are available at [https://sam.gov/content/entity-registration](https://sam.gov/content/entity-registration).

New ERA Applicants must maintain an active SAM registration, with current, accurate, and complete information, at all times while it has an active Federal award or an Application under consideration by a Federal awarding agency.

New ERA Applicants must ensure they complete the Financial Assistance General Certifications and Representations in SAM.

New ERA Applicants must provide a valid UEI in their Application, unless determined exempt under 2 CFR 25.110.

The Agency will not make an Award until the New ERA Applicant has complied with all SAM
Section II: LOI Requirements and additional information

A. LOI requirements

Section D.2.i of the NOFO details the submission requirements for an LOI. The following LOI requirements will need to be submitted in Grants.gov.

a. Standard Form 424. The LOI Submitter will complete this document in Grants.gov.


   i. The description of the Portfolio of Action (POA) shall not exceed 1,500 words, and it must include a summary of the technical aspects of the various actions that will allow RUS to measure the reduction of GHG emissions resulting from the POA.

c. Shapefile(s) for Service Area(s) and Project(s) location(s). Please see section B in this Section II for additional information on the submission of Shapefile(s).

d. Completed RUS Achievable Reductions Tool (ART) document or comparable data for the reduction of GHG. Please see Section C below for additional information on GHG reduction documentation. The GHG reduction document must be uploaded into Section 15 of the SF 424 on Grants.gov.

e. Financial documents. The following applicable financial documents must be uploaded into Section 15 of the SF 424 on Grants.gov.

   i. An Applicant must submit a copy of its audited balance sheet and income statements for the last three years.

   ii. If applicable, the Eligible Entity must provide the balance sheet and income statements for the last three years of the entity or entities providing equity or security for the Award together with an explanation of the legal relationship among the legal entities.

   iii. If the Eligible Entity submitting the LOI is a wholly or jointly owned subsidiary of an electric cooperative, the Eligible Entity must provide a balance sheet and income statement of each of its members. Jointly owned entities must be jointly owned by eligible electric cooperatives.

B. Instructions and Specifications for Submitting Shapefile(s)

The Shapefiles are used to verify the eligibility of requests for interest rates, including those as low as zero percent, for projects where: 40 percent or more of the population served by the proposed service area is
located within Distressed Communities, Disadvantaged Communities, or Energy Communities; will serve SUTA communities as defined in section 306F of the RE Act; or will serve a service area located in Puerto Rico, United States Virgin Islands (USVI), Guam, American Samoa, or other U.S. territories or Compact of Free Association (COFA) states.

Applicants should use the RUS geospatial mapping tool to draw the service areas associated with each Project and then upload Shapefile(s) to Grants.gov as part of an LOI submission. Applicants should go to https://ruraldevelopment.maps.arcgis.com/apps/webappviewer/index.html?id=0a91fdaecff34b9eb9a9f378085c41ba and draw a separate Shapefile of the service area for each proposed Project to be included in a single New ERA LOI. The saved file(s) should be renamed to the Applicant’s name and Project name (e.g., bobselectric_project_1.zip). The Shapefile(s) should then be uploaded to Grants.gov as an attachment in Section 15 of the SF 424 during the filing process.

Any Applicant who experiences difficulties using the RUS geospatial mapping tool or has other questions related to Shapefile(s), please send an email to RD.Innovation.Data@usda.gov. The Agency will work with Applicants to submit through the RUS mapping tool; however, if the Applicant is still unable to utilize the tool, which may occur if the service territory is an irregular shape, the Applicant may proceed with its LOI submission using its own comparably accurate Shapefile(s). However, Shapefiles that are not reasonably comparable may be rejected.

Comparably accurate Shapefiles must meet the following criteria:

a. All map areas must be closed, non-overlapping polygons with a single, unique identifier for each Project.
b. The Shapefile must have an assigned projection with an accompanying .prj file.
c. The Shapefile must use an unprojected (geographic) WGS84 geographic coordinate system.
d. The Shapefile must be submitted as a *zip file. This can be done with WinZip or in Windows by selecting the files associated with a Shapefile, right clicking the files, then clicking Send to Compressed (zipped) folder.
e. If submitting multiple Projects, each project service area should be zip filed separately. This *zip file can contain multiple non-overlapping polygons if associated with the same Project.

C. Proposed GHG reduction

The Eligible Entity must provide the proposed amount of GHG emissions reductions that will result from the implementation of its proposed Project(s). This will be completed by using the ART or submission of comparable data. A template of the ART tool is available on the New ERA website located at: https://www.rd.usda.gov/programs-services/electric-programs/empowering-rural-america-new-era-program#to-apply. The submission of comparable data by Eligible Entities may impact the Agency’s timeline for review of the Application. Eligible Entities that choose to use other methods will need to demonstrate that their method provides comparable information for the Agency to adequately estimate the reduction of GHG emission reductions stemming from its proposed Portfolio of Actions. The Applicant must include a narrative explaining how this program is enabling your entity to invest in additional GHG reducing measures that it otherwise would not have done.
Using ART:

The “Welcome” tab of the ART tool provides guidance on how to use the tool. The purpose of the ART workbook is to provide a simple GHG calculator that will estimate emission reductions generally in a standard manner that allows for a direct comparison of LOIs on an equal or “apples-to-apples” basis. The completed ART file or comparable data must be attached in Section 15 of the SF 424 in Grants.gov.

You may also provide the data that is required within the ART by another method. The Eligible Entity’s use of other methods, however, may impact RUS’s timeline for review of the LOI. An Applicant that elects to use methods other than the ART must demonstrate that its chosen method provides comparable information to the ART that will allow RUS to score the LOI. Federal reports are the preferred source of information for GHG methodologies, but alternative scientific sources will be considered. Generic test cases for the ART tool are available at: Empowering Rural America New ERA Program | Rural Development (usda.gov).

D. Total Utility Plant (TUP) guidance

An Applicant must indicate the value of its Total Utility Plant (TUP) as of December 31, 2022. If a generation and transmission electric cooperative (G&T) is the Applicant, then the TUP will be based on the G&T’s assets only. If a G&T is applying along with one or more of its electric cooperative members in a single LOI, the TUP would be determined by the sum of the TUPs of the G&T and the members included in the single LOI. If multiple electrical cooperatives, such as several distribution members of a G&T, are applying together under a single LOI, the TUP would be determined by the sum of the TUPs of all the electrical cooperative included in the LOI.

Section III: Submission Process through Grants.gov

RUS will accept electronic submissions of New ERA LOIs through Grants.gov. RUS will not accept paper, facsimile, or email transmission.

A New ERA LOI submission via Grants.gov shall include the following information outlined below as well as:

1. Uploading a pdf of the LOI;
2. Uploading the Shapefile for each Project included in the LOI;
3. Uploading the Applicant’s completed ART tool or comparable GHG reduction documentation; and
4. Uploading supporting documents, including a copy of the LOI submitter’s balance sheet and income statements for the shorter of the last three years or the years the LOI submitter has been in operation. The LOI submitter must also provide the balance sheet and income statements for the last three years of any entity or entities providing equity or security for the loan, with an explanation of the legal relationship to the LOI submitter.
The process is illustrated in the following flow chart:

The System for Award Management (SAM.gov) is a government-wide registry for organizations doing business with the Federal government. SAM.gov centralizes information about grant recipients and provides a central location for grant recipients to change organizational information. Grants.gov uses SAM.gov to establish organizational authority for its users and to provide unique entity identification numbers. SAM registration must be renewed annually.

First, you must register with SAM.gov to obtain a Unique Entity Identifier (UEI). The UEI is a 12-character alphanumeric identifier assigned to all entities (public and private companies, individuals, institutions, or organizations) to do business with the Federal government. Organizations will also need to designate an E-Business Point of Contact (EBiz POC). It can take 7-10 business days to fully complete the registration process required for most funding opportunities. There is no fee for registering with SAM.gov.

Grants.gov
After obtaining the UEI from SAM.gov, please go to Grants.gov to register. There is no fee for registering with Grants.gov. Applicants should reference the Grants.gov Online help at Grants.gov Online Help for assistance with registration.

Read the Help article, Manage Roles for Applicant for instructions on managing roles. Visit Learn Grants to find information about every phase of the grant management process, from applying and reporting to the award closeout.

The most up-to-date instructions for Application submission via Grants.gov can be found at https://www.grants.gov/web/grants/applicants/apply-for-grants.html.

To begin, complete, and submit your Application:

1) Navigate to https://www.grants.gov/web/grants/applicants/apply-for-grants.html;
2) Click “Search for Opportunity Package”;
3) In the “Funding Opportunity Number” field, enter “RUS-NEWERA-2023”;
4) Click “Search”;
5) Click “Apply”;
6) Enter your email address (if you would like to receive updates from Grants.gov regarding this grant opportunity) or check the box that indicates you do not wish to provide it, then click “Submit”; 
7) Choose to apply using Workspace by clicking “Login to Apply Now”; and
8) Follow the instructions provided on the Grants.gov website and on each webpage to complete and submit your LOI.

For the submission of an LOI on Grants.gov, please complete the required fields in the SF 424 and attach all remaining LOI requirements. To attach the remaining documents to the SF 424, please go to Section 15 of the SF 424 and click “Add Attachments.” All LOI requirements detailed in Section E of this Guide must be provided, including but not limited to, a pdf of the “LOI for Submission,” Shapefile(s), and financial documents.

**Joint LOIs (multiple entities) on Grants.gov**

For the submission of a joint LOI, the Applicants must determine a lead Applicant. The lead Applicant will be responsible for the submission of the LOI on Grants.gov. The lead Applicant will submit the SF 424. Co-Applicants’ information must be detailed in the attached supporting documentation.

**Grants.gov Support**

Grants.gov support resources are available to help you successfully find and apply for grants. Grants.gov Applicant Support is available 24/7 (except Federal holidays). Be sure to include supporting details when you call or email. Additional information on the Grants.gov Support Center, including Frequently Asked Questions, can be found on the following website: [https://www.grants.gov/support.html](https://www.grants.gov/support.html).

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**Section IV: Attachments & Post-Submission Process**

**A. Review and Selection Process**

After receipt of LOIs and New ERA Applications, RUS will take the following actions:

a. Applicants with complete applications will be placed into one of three categories based on their year ending 2022 TUP value:
   1. Category I: Applicants with a TUP value equal to or over $500 million.
   2. Category II: Applicants with a TUP value under $500 million but over $200 million.
   3. Category III: Applicants with a TUP value equal to or less than $200 million.
b. Applicants will then compete for Awards within their category and based on the evaluation of metrics that reflect achieving the greatest reductions in GHG emissions and other factors outlined in the funding notice.

c. RUS will not approve a specific request for financial assistance if RUS determines that the requested financial assistance imposes an undue risk to RUS’s loan portfolio in general.

B. Criteria for Evaluating LOIs

RUS will review each New ERA Application based upon:

a. RUS’s general underwriting requirements contained in 7 CFR part 1710;

b. The Applicant’s Portfolio of Actions using the selection criteria identified in 1 through 4 below; and

c. Each of the metrics in the criteria below will be generated by the Achievable Reductions Tool (ART) or other methods acceptable to RUS. Pursuant to IRA Section 22004, the heaviest weight will be given to the reduction of GHG emissions (CO2e). Points will be awarded as follows:

1) Annual tons of carbon dioxide equivalent (CO2e) reduced (from generation resources owned or purchased): up to 30 points.

2) Annual tons of CO2e avoided: up to 10 points. To illustrate the difference between GHG reduced versus avoided, consider the following. The direct replacement of existing fossil fuel-based generation or a market purchase with renewables or zero-emission systems would count as reducing GHG emissions. Deploying new renewable or zero-emission systems to meet demand growth would avoid new construction of GHG-intensive generation and would count as avoiding GHG emissions.

3) Percentage difference in renewable or zero-emission energy in the energy mix (from generation resources owned and purchased): up to 10 points.

4) Percentage decrease in the carbon intensity of the energy mix (from generation resources owned and purchased): up to 10 points.

Section V: Invitation to Proceed

Only those Applicants with LOIs selected to receive an Invitation to Proceed will be offered the opportunity to submit a New ERA Application. The Invitation to Proceed is a written notification issued by RUS to the Applicant acknowledging that the LOI was received and reviewed, and that RUS is inviting the Applicant to submit an Application. The Invitation to Proceed will also contain instructions on how to submit a completed loan Application package. The Invitation may also include a request for additional information to be submitted in the Application. The Application must be materially complete in form and substance satisfactory to RUS and be submitted within the specified time. Note that the Invitation to Proceed may require that the Applicant provide additional certifications, where they are applicable, which are not required or included as part of the LOI submittal process. The Invitation to Proceed may invite the Applicant to apply
for funding on terms that are different from what the Applicant requested in its LOI.

In lieu of receiving an Invitation to Proceed, an Applicant may receive a letter requesting the submittal of additional information or documents to explain or clarify information previously included in the LOI. Alternatively, an Applicant that is determined not to be eligible to receive a New ERA loan or that score below the funding threshold may receive a notification that its LOI has been rejected. Applicants who are determined to be ineligible may choose to apply for the RUS Electric Program’s infrastructure funding program, which offers low-interest rates – but not grants – and when combined with the new tax incentives may offer appealing financing and funding options.

An Applicant that is invited by RUS to proceed with the loan Application will have 60 days, or a time agreed to with the Agency, to complete and submit a loan Application beginning from the date the Invitation to Proceed is emailed to the Applicant. If the deadline to submit the Application falls on Saturday, Sunday, or a Federal holiday, the Application is due the next business day. The Administrator may grant an extension of time to complete the documentation required for an Application if, in the Administrator’s sole judgment, extraordinary circumstances prevented the New ERA Applicant from completing the Application within the timeframe stipulated in the NOFO as amended. In extending an Invitation to Proceed, RUS reserves the right to meet overall RUS program objectives and, therefore, may notify the Applicant that the amount of financing to be Awarded is for a reduced scope or below the level sought by the Applicant.

RUS intends to provide further instructions for completing an Application in a future update to this Guide.