Empowering Rural America Program (New ERA)

What does this program do?

The Empowering Rural America (New ERA) program helps rural Americans transition to clean, affordable, and reliable energy. By reducing air and water pollution, New ERA funding improves health outcomes and lower energy costs for people in rural communities. New ERA program funding is available to member-owned rural electric cooperatives, which have been the backbone of America’s rural power delivery for nearly a century.

This $9.7 billion program is part of the Inflation Reduction Act (IRA – information is available at this link: https://tinyurl.com/548c8tb7) and represents the largest investment in rural electrification since President Franklin Delano Roosevelt signed the Rural Electrification Act into law in 1936.

Who can apply for this program?

The New ERA program is available only to rural electric cooperatives, including:

- Existing or former USDA Rural Utilities Service (RUS) borrowers
- Borrowers of the former Rural Electrification Administration
- Rural electric cooperatives that serve predominantly rural areas
- Wholly or jointly owned subsidiaries of rural electric cooperatives

Note: For the purposes of the New ERA program, the term “predominantly rural” means a service territory where at least 50 percent of its consumers are rural.

To create opportunities for rural electric cooperatives of all sizes – and to ensure cooperatives compete only against their peers – New ERA applicants are separated into three categories:

- Category 1: Total utility plant value equal to or more than $500 million
- Category 2: Total utility plant value more than $200 million and less than $500 million
- Category 3: Total utility plant value equal to or less than $200 million

Are there any additional eligibility requirements?

Yes. You must demonstrate that your proposed project is eligible, financially and technically feasible, affordable, and reliable. If selected, you will be required to provide reasonably adequate security for financed investments. All projects must be completed and verified by September 30, 2031.

How can funds be used?

Funds can be used to make energy efficiency improvements to eligible generation and transmission systems, to purchase, build, or deploy renewable energy, zero-emission systems, carbon capture storage systems, or to purchase renewable energy.

The New ERA program is designed to be flexible. The program prioritizes greenhouse gas reductions rather than requiring the use of specific technologies. For example, you can seek funding for renewable and zero-emission systems that eliminate aging, obsolete, or expensive infrastructure. You can also change your purchased-power mixes to support cleaner portfolios, manage stranded assets, and boost your transition to clean energy.

Applications will be scored and ranked on the greatest reduction in cost-per-unit measure of greenhouse gases. Projects must be reliable, resilient (able to recover quickly following an unexpected disruption), and affordable. The cost of unit of reduction will be considered. We encourage applicants to think ambitiously! Maximize your technical options to bring about the greatest reduction in greenhouse gas emissions to create jobs and economic opportunity, and improve the quality of life in your rural communities.
Empowering Rural America Program

**What types of funding are available?**

You can apply for the following types of financial assistance:

- **Loan only:** The interest rate for loans will be set either at the U.S. Treasury rate or at a fixed rate as low as 2 percent. 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](https://tinyurl.com/u5uu742h).
  
  A zero percent interest rate is available to refinance stranded assets or for projects that serve predominantly distressed, disadvantaged, or energy communities (as defined in the funding notice).

- **Grant only:** 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.

No single borrower or awardee can receive more than 10 percent of the available funding, which is $970 million of the $9.7 billion available in this program.

**How do we get started?**

To be considered for funding, you must first submit a Letter of Interest (LOI). The application window is open from July 31 through August 31, 2023. You are welcome to partner with other eligible cooperatives and submit your proposal or proposals in a single LOI.

- RUS will begin evaluating and scoring LOIs after the August 31, 2023 deadline.

- Invitations to submit an application will be sent to top-ranking LOIs.

- A successful application must meet all program requirements. Scoring and ranking will be re-evaluated prior to funding.

Additional information about the New ERA program is available in the Notice of Funding Opportunity (NOFO) published in the *Federal Register* and available on the New ERA program webpage at [https://tinyurl.com/3d96vxuf](https://tinyurl.com/3d96vxuf), and on the USDA Rural Development Information Reduction Act webpage at [https://tinyurl.com/548c8tb7](https://tinyurl.com/548c8tb7). Click the plus sign to the right of “Funding Opportunities,” and see the first bullet point: “Section 22004.”

**Who can answer questions?**

- A list of Frequently Asked Questions (FAQs) can be found on the New ERA webpage at this link: [https://tinyurl.com/3d96vxuf](https://tinyurl.com/3d96vxuf).

- You can email New ERA program questions to: SM.RD.RUS.IRA. Questions@usda.gov

**What governs this program?**

Section 22004 of the Inflation Reduction Act (7 USC 8103 (j)) – available at this link: [https://tinyurl.com/2p8m9k7y](https://tinyurl.com/2p8m9k7y) - PDF) governs the New ERA program.

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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: [https://go.usa.gov/xJHPE](https://go.usa.gov/xJHPE). You will find additional resources, forms, and program information at [https://rd.usda.gov](https://rd.usda.gov).

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Last Updated May 2023