



Presented by

Clare Sierawski

Senior Energy Counselor
Rural Development

 Rural Development
U.S. DEPARTMENT OF AGRICULTURE

RD Electric Programs Update

Rural Development - Inflation Reduction Act

Three Clean Energy Programs:

Rural Energy for America Program
(REAP)

Powering Affordable Clean Energy
(USDA PACE)

Empowering Rural America
(New ERA)

- Largest investment in rural electrification since 1936.
- Grant, loan, loan modification, and partial loan forgiveness programs to expand clean, affordable, and reliable energy.
- Reduced pollution, improved health, jobs, and lower energy costs for rural America.
- Once in a generation opportunity for economic development and to enhance the quality of life in rural communities.

FY 2023 – We delivered for rural communities

- RUS Electric: Over \$6.8 billion of financing, 100 loans obligated, and Record Level of RUS Rural Energy Savings Program (RESP) \$200 million/10 loans
- Unprecedented IRA Outreach and USDA Powering Affordable Clean Energy (USDA PACE), New Empowering Rural America (New ERA), and Rural Energy for America Program (REAP) Notice of Funding Opportunities
- Huge demand in response to all funding notices
- Over 3,000 REAP awards obligated
- Improving Environmental Review
- Community/Farmer Benefit Plans

FY 2024: Continuing to deliver

- **Over 1,000 REAP awards obligated already**
- **First round of New ERA invitations to proceed to full application.** First New ERA awards expected in July.
- **First Five PACE Awards announced:** totaling \$139 million in Arizona, Colorado, Hawaii and Nebraska. About 50+ more PACE awards to come this year.

RBCS REAP | Systems, Equipment, Improvements

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

- Grants can cover up to 50% of total eligible project costs (from 25% pre-IRA)
- Loan Guarantees on loans can cover up to 75% of total eligible project costs
- Funds obligated across six quarterly cycles to obligate \$1.05 billion throughout the remainder of FY 2023 and FY 2024.
- **These changes have led to over a 1,000 fold increase in funding requests for REAP.**

Applicant Eligibility

Agricultural Producer



Individual or entity that receives 50 percent or more of their gross income from agricultural products – crops, livestock, aquaculture, forestry operations, nurseries, dairies

Rural Small Business



- **For-profit small business** - as defined by the Small Business Administration (SBA)
- **Rural area or non-metro community of $\leq 50,000$**
- **Website: www.rd.usda.gov/reap** (use rural area link)



Renewable Energy Eligible Projects



Solar



Wind



Small Hydroelectric



Anaerobic Digesters



Biomass



Geothermal



Wave/Ocean Power

Energy Efficiency Eligible Projects



Lighting



Heating



Cooling



Ventilation



Fans



Automated Controls



Insulation



Example: Micro Hydropower



Rural Auto Repair Shop

11 kW micro-hydropower turbine

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



51% reduction in energy costs

Example: Geothermal



Grocery Store

Geothermal heat, energy efficient coolers & lighting

- \$198,600 Total Project Cost
- \$49,650 REAP Grant
- \$148,950 Commercial Loan



40% reduction in energy costs

Example: Energy Efficiency Improvement (EEI)



Laundromat & Dry Cleaners

Washer & Dryer Replacement

- \$42,040 Total Project Cost
- \$10,510 REAP Grant
- \$31,531 Dealer Financing



52% energy savings, improved customer experience

REAP Technical Assistance Grants (TAG)| Purpose

Enable applicants to provide technical assistance to agricultural producers and rural small businesses applying to REAP, with priority for applicants assisting at least two or more of the following types of applicants:

- a) Agricultural Producers,
- b) Distressed/disadvantaged communities,
- c) Tribal entities,
- d) Applicants pursuing projects using underutilized technologies and e)
- Applicants pursuing projects under \$20,000.

Powering Affordable Clean Energy (PACE)

Partially forgivable loans.

Tremendous response: RUS received over 300 Letters of Interest (LOIs), seeking PACE partially forgivable loans far exceeding by many multiples the dollars available.

LOIs are being processed in the order received taking into account geographic diversity and substantially under served trust areas.

Many Notices to Proceed have been sent, kick-off meetings held, and applications filed.

RUS is very close to reaching its \$1 billion budget authority funding limit.

[Inflation Reduction Act Investments by State | Rural Development \(usda.gov\)](#)

Powering Affordable Clean Energy (PACE)

- **First Five PACE Awards:** totaling \$139 million in Arizona, Colorado, Hawaii and Nebraska
 - **Trico Electric Cooperative Inc in Arizona** expanding battery energy storage to the growing number of people in the surrounding areas of Tucson and the Pascua Yaqui Reservation.
 - **La Plata Electric Association in Colorado** to save more than half a million dollars annually and deliver affordable clean solar energy to people living in distressed, disadvantaged and energy communities, including people on the Ute Mountain Ute and Southern Ute Tribal reservations.
 - **Kauai Island Utility Cooperative in Hawaii** to expand solar energy production and to reduce its reliance on fossil fuels during peak evening hours creating jobs for people in the community, strengthen the local electric grid, increase resilience in the face of climate change.
 - **Village of Emerson in Nebraska** to finance a solar facility to make efficiency improvements to its energy distribution system for the Winnebago Tribe.
 - **Midwest Electric Cooperative Corporation in Nebraska** to finance solar and energy storage systems for communities in Wallace, Grant, Paxton and Lakeview.

Empowering Rural America (New ERA) Program Overview

\$9.7 billion in budget authority for the long-term **resiliency, reliability, and affordability** of rural electric systems to achieve the **greatest reduction** in CO₂, methane, and nitrous oxide emissions.

Eligibility: Electric cooperatives that are or have been RUS or REA borrowers, cooperative entities serving a predominantly rural area, or wholly or jointly owned subsidiaries of such cooperatives.

Activities Supported

- Purchase of renewable energy
- Renewable energy systems
- Zero-emission systems
- Carbon capture and storage systems
- The deployment of such systems
- Energy efficiency improvements to generation & transmission systems of eligible entities
- Any combination of the above

Permitted Use of Funds

- Grants – maximum 25 percent of project cost
- Loans fixed at 2 percent or at a rate tied to the Federal government's cost of capital; and 0 percent for predominantly distressed, disadvantaged or energy communities
- Refinance debt for a stranded assets at 0 percent interest in certain instances
- Any combination of the above

Response to New ERA

Also a huge response. For \$9.7 billion available from Congress, USDA received over \$47 billion in requested funding.

If all were funded, this would represent roughly \$100 billion investment in rural America.

Letters of Interest have been scored and ranked taking GHG reductions, geographic diversity and cost effectiveness into account.

First invitations to proceed to a full application are out. Expect first awards in July.

Other Notes

Solar Siting Listening Sessions

Community Benefit Plans/Farmer Benefit Plans

Interagency Coordination

USDA Clean Energy for Rural America Funding Fairs:

- Direct Pay Tax Incentives remain an exciting opportunity.
- RUS Infrastructure Loan Program at Treasury and near Treasury Rates for terms up to 35 years.
- RUS Rural Energy Savings Program for energy efficiency and renewables.
- EPA GGRF and several DOE Programs

Rural Electrification Act Lending

Rural Electrification Lending remains very active with still attractive Treasury and Near Treasury interest rates available.

Reminder: the reimbursement look back period is now 4 years, giving you access to affordable liquidity.

Can be stacked with direct pay tax credits.

We welcome the opportunity stack our financing with other agencies (provided it is ok with the other agency).

Rural Energy Savings Program (RESP)

RESP has become quite popular with repeat customers - we need more funding.

A great program, offering 0% interest to utilities to relend to your customers at no more than 5% for energy efficiency measures including:

- Lighting

- HVAC

- Building envelope improvements

- On-grid/off-grid renewable

- energy Charging stations

- Even whole manufacture home replacements!

Essential elements: relending, on-bill financing repayment from consumer to utility, energy efficiency investment.

Thank You!

Thank you for making last year a record breaker for our rural communities.

We look forward to continuing to work with you to improve the lives of folks in rural America.

