



Committed to the future of rural communities

*International Trade Administration
Building Biofuels Infrastructure Conference
Federal Feasibility Studies and Funding
Sources Panel
Washington, DC
June 19, 2007*

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USDA Rural Development*



The President's State of the Union Address

*“Tonight, I ask Congress to join
me in pursuing a great goal.
Let us build on the work we've
done and reduce gasoline
usage in the United States by
20 percent in the next 10
years.”*



Funding for Biofuels Development

- *FY 2002 Farm Bill – Title IX*
- *Other USDA Programs*



Farm Bill – Energy Title

Section 9006 – Renewable Energy Systems and Energy Efficiency Improvements Program

- Establishes a grant, loan, and loan guarantee program to assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems and making energy efficiency improvements.*



Section 9006 Grant Program

- *Can not exceed 25% of costs.*
- *Minimum/Maximum*
 - *Energy Efficiency - \$1,500/\$250,000*
 - *Renewable Energy Systems - \$2,500/\$500,000*
- *Demonstrate financial need*
- *May 18, 2007, was Deadline for grant application filing*



Section 9006 Guaranteed Loan Program

- *50% of total project cost*
- *Percents of guaranteed*
 - *85% - \$600,000 or less*
 - *80% - greater than \$600,000 up to and including \$5 Million*
 - *70% - greater than \$5 Million up to and including \$10 Million*
- *July 02, 2007, Deadline for Applications*



Section 9006 Funding Activity FY 2003 thru 2006

Renewable Energy/Energy Efficiency

<u><i>Technology</i></u>	<u><i>No.</i></u>	<u><i>Amount</i></u>	<u><i>Leveraged</i></u>
<i>Biomass</i>	167	\$39,628,908	\$224,877,087
<i>Wind</i>	168	33,227,041	487,265,950
<i>Solar</i>	40	2,224,639	5,924,634
<i>Geothermal</i>	15	921,282	2,763,869
<u><i>Hybrid</i></u>	<u>12</u>	<u>2,521,236</u>	<u>185,682,033</u>
<i>Subtotal</i>	402	\$78,523,106	\$906,513,573
<i>Energy Efficiency</i>	426	\$9,442,879	\$27,635,898
<i>Subtotal</i>	<u>828</u>	<u>\$87,965,985</u>	<u>\$934,149,471</u>
<i>Guaranteed Loans</i>	19	\$34,258,862	\$67,041,264
<i>Grand Total</i>	<u>847</u>	<u>\$122,224,847</u>	<u>\$1,001,190,735</u>



9006 Renewable Energy Grant

Missouri

- *Global Fuels LLC*
- *3 million gallon biodiesel plant*
- *\$500,000-Grant*
- *Operation Started December 2006*



Renewable Energy Guaranteed Loan

Iowa

- *Clinton County Bio Energy, LLC, financing to construct and operate a biodiesel production plant with a yearly capacity of 10 million gallons.*
- *\$3,220,000 loan guarantee.*
- *The plant is completed and operational and will produce 10 million gallons of biodiesel each year.*
- *Created 9 jobs.*



Farm Bill – Energy Title

Section 9008

- *Purpose:*
Support of research, development and demonstration on biobased products, biofuels, and biopower.
- *Eligible Recipients:*
Institutions of Higher Learning; National Laboratory; Federal Research Agency; State Research Agency; Private Sector Entities and Nonprofit Organizations or a consortium of two or more of entities described above.

Farm Bill – Energy Title Section 9008 (continued)

- *Cost Sharing:*

Minimum of 20% Non-Federal – R&D

Minimum of 50% non-Federal-Demonstration

- *Budget Outlook:*

Discretionary Funding - \$13,650 Million FY 2007



Farm Bill – Energy Title, Section 9008 (continued)

Joint Solicitation:

- *USDA/Department of Energy*
- *Estimated publication date – Early June 2007*
- *Pre-application window will close 30 days from publication*



Section 9008 “Best Practices”

North Carolina

- *North Carolina State University*
- *\$435,997 award in FY 2006*
- *\$109,899 matching funds*
- *Analysis and strategic guidance for solutions for increased commercialization of biofuels*



Value-Added Agricultural Products Market Development (VAPG) Grants

- *Purpose: To assist with marketing of value-added products.*
- *Eligible Recipients: Independent producers, agricultural produce group, farmer or rancher cooperative, or majority controlled producer-based business venture.*

Value-Added Agricultural Products Market Development (VAPG) Grants (continued)

- *Funding Levels for FY 2007:
\$19.285 Million – Discretionary Funding
Funding Limitation: Maximum Planning
\$100,000 ; Working Capital \$300,000*
- *Window for FY 2007 Applications closed on
May 16, 2007*



VAPG “Best Practices”

Oregon

- *\$300,000 Grant for working capital to operate a new Biodiesel facility.*
- *Biodiesel fuel generated from canola seed.*
- *Cooperative consist of 2,400 owners/producers.*
- *Fuel will be sold to Portland fleet of vehicles.*



Rural Business Opportunity Grants (RBOG)

- *Eligibility: Public bodies, non-profits, Indian Tribes, and cooperatives.*
- *Purposes: Technical assistance for business development and economic development planning.*



RBOG “Best Practices”

Montana

- *\$49,000 Grant to finance a feasibility study in Montana.*
- *Complex to include ethanol plant, controlled feed-lot and anaerobic digester.*

Rural Business Enterprise Grants (RBEGr)

- *Eligibility: Public bodies, private non-profits, and Indian Tribes.*
- *Purposes: Establish revolving loan programs, technical assistance, working capital loans, equipment, real estate, and refinancing.*



RBEG, “Best Practices”

- *\$46,550 grant for a feasibility/marketing study.*
- *Development and marketing agriculture based engine oils.*



Rural Economic Development Loans & Grants (REDLG)

- *Eligibility: RUS electric and telephone borrowers (not delinquent on any Federal debt or in bankruptcy proceeding) and certain electric utilities that have prepaid.*
- *Purposes: Revolving loan programs, community development, technical assistance, construction, capital improvements, purchase of machinery and equipment, and working capital.*



Rural Economic Development Grant (REDG) Minnesota

- *Albert Lea Economic Development Agency*
- *\$400,000 from REDG*
- *Projects 500 new jobs*
- *Will produce 30 million gallons of fuel annually*
- *Soy-Mor, a biodiesel plant*
- *Exol –corn ethanol plant*
- *100 percent farmer-owned.*
- *Exol shares its site with Soy-Mor to save on infrastructure costs*



Business and Industry (B&I) Guaranteed Loan Program

- *Eligibility: Individuals; corporations, cooperatives, partnerships, and other legal entities, public and private, organized and operated on a profit or nonprofit basis; and Federally recognized Indian tribal groups.*
- *Purposes: Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. The primary purpose is to create and maintain employment and improve the economic climate in rural communities.*



BEI “Best Practices” Wisconsin

- *\$10 Million for guarantee.*
- *Refinancing/expansion of Wisconsin ethanol plant to 30 mgy*
- *Saved 35 jobs.*
- *Created 4 jobs.*
- *Increased market price of local corn – 20 cents/bushel.*



1) Value Added Producer Grant, 2) Business and Industry Guaranteed Loan, 3) 9006 Renewable Energy Grant, and 4) Rural Business Enterprise Grant -Delaware

- *Mid-Atlantic Bio-diesel Company, LLC*
- *\$60,000 Rural Business Enterprise Grant*
- *\$500,000 grant from 9006 renewable energy program*
- *\$5 million B&I Guaranteed Loan Program*
- *\$150,000 VAPG*
- *\$5,710,000 total Investment*
- *Use soybean meal for livestock feed to create an alternative fuel.*



Definition of Rural Area

B&I, RBEG, RBOG, Section 9006, REDLG

Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such city or town.

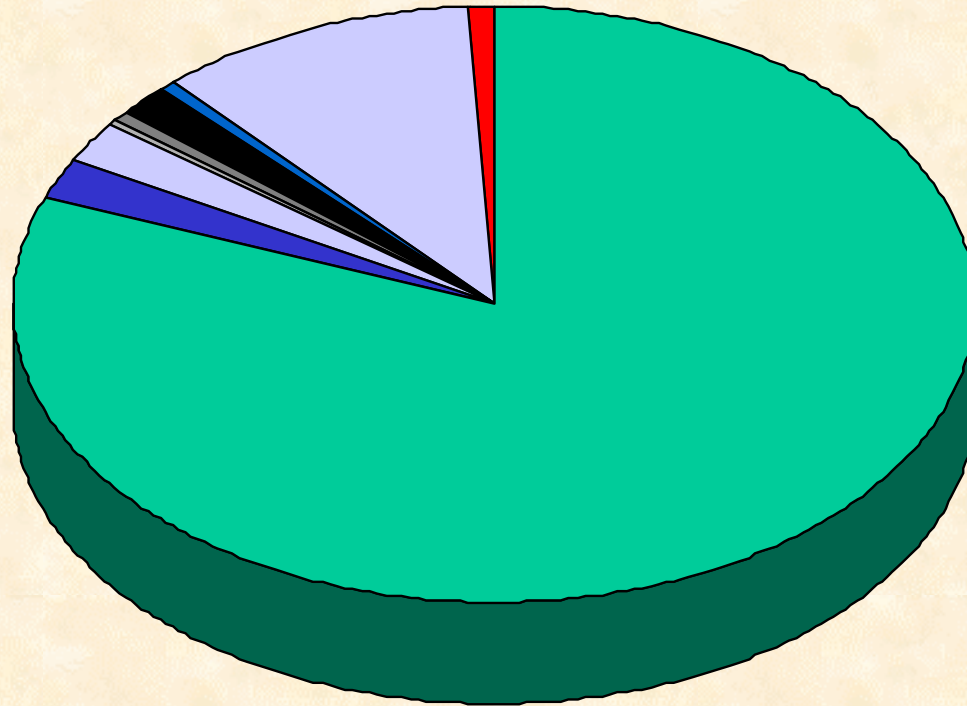











*Rural Development Programs
Renewable Energy / Energy Efficiency
Activity FY 2001 – 2006*

	<i>Number and Dollar Amounts Awarded:</i>	
<i>Business and Industry Guaranteed Loans</i>	<i>15</i>	<i>\$127,712,923</i>
<i>Rural Business Enterprise Grants</i>	<i>28</i>	<i>1,352,752</i>
<i>Rural Business Opportunity Grants</i>	<i>7</i>	<i>471,841</i>
<i>Rural Economic Development Loans and Grants</i>	<i>8</i>	<i>4,180,000</i>
<i>Value-Added Producer Grants</i>	<i>155</i>	<i>25,210,619</i>
<i>Section 9006 Renewable Energy Grants</i>	<i>813</i>	<i>84,341,437</i>
<i>Section 9006 Renewable Energy Loans</i>	<i>4</i>	<i>23,320,000</i>
<i>9006 Renewable Energy Loan/Grant Combos</i>	<i>15</i>	<i>10,938,862(Loans)</i>
	<i>15</i>	<i>3,624,548(Grants)</i>
<i>Electric Program Loans</i>	<i>15</i>	<i>119,065,544</i>
<i>High Energy Cost Grants</i>	<i>19</i>	<i>22,108,472</i>
<i>9008 Research & Development Grants</i>	<u><i>55</i></u>	<u><i>58,140,531</i></u>
<i>Totals</i>	<i>1,149</i>	<i>\$480,467,529</i>



Fiscal Year 2007 Budget Business Programs Funding



	B&I	\$1,365,426,851
	IRP	\$33,869,875
	RBEG	\$20,000,000
	RBOG	\$3,071,706
	REDG	\$10,000,000
	REDL	\$25,215,484
	Energy Grants	\$11,385,000
	Energy Loans	\$176,511,617
	Biomass R&D	\$13,650,000

Funding Outlook

- *FY 2008 Budget*
 - *\$397 Million for Energy Programs*
 - *\$161 Increase Over FY 2007*
 - *\$132 Million – Rural Development Renewable Energy Program*
 - *\$29 Million – R & D Activities to Enhance Bioenergy Feedstock/ Improve Conversion Technology for Cellulose Ethanol*



Funding Outlook (Con't)

- *Farm Bill*
 - *\$1.6 Billion in new Renewable Energy – Target Cellulose Ethanol Projects*
 - *\$.5 Billion Bioenergy and Biobased Produced Research Initiative*
 - *Continue Improvements in Crop Yield*
 - *Reduction in Cost of Producing Alternative Fuel*
 - *\$.5 Billion Renewable Energy Systems and Energy Efficiency Improvement Grant*
 - *\$.210 Billion to Support a \$2.1 Billion Cellulose Ethanol Loan Guarantee Program*
 - *\$.150 Billion for Biomass Research Competition Grant – Focusing on Cellulose Ethanol*

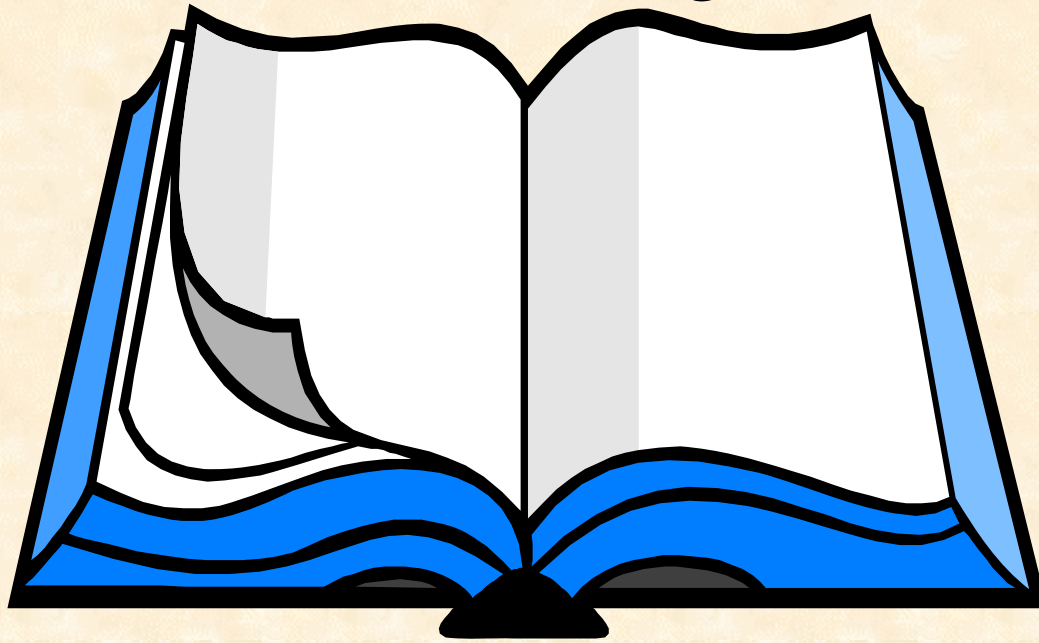


Program Delivery



- *National Office*
- *State Office*
- *Area / Local Offices*

How to Learn More About Business Programs



*State Office, or
www.rurdev.usda.gov/rbs/busp/bpdir.htm*

QUESTIONS



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