

USDA Finances Wind for Rural Economic Development

Charles Newcomb, Terri Walters

More than \$4 billion
in programs

10-year loans at 4.19%

USDA is focused on helping Rural America develop wind projects:

Who should be interested?

- Developers of projects in rural areas (population under 50,000) or projects that will serve rural customers
- Governments, tribes, or non-profits investigating bringing wind energy to a rural community
- Rural Electric Cooperatives interested in developing wind
- Anyone interested in installing wind in rural areas.

Success: Section 9006 Program

- Direct financial assistance to farmers, ranchers, and rural small businesses
- Grants can fund up to 25% of wind projects
- In first two years, the 9006 program awarded \$15.3 million in grants to rural wind projects leading to more than \$110 million in small and community-scale wind projects.

What's New?

Starting this summer, the program will offer loan guarantees and will simplify the application process for small projects.



USDA has many other programs that can be used to support wind development:

Project Financing

Rural Electrification Loans

- Available to any wind project that provides power to rural areas, regardless of ownership or location of project
- Provides loans at U.S. Treasury interest rates for terms up to 35 years. Current rate for 10-year loans is 4.19%
- The Rural Utility Service (RUS) grants priority to the first \$200 million in renewable energy projects each year
- With lending authority of up to \$4 billion per year, this program is intended to provide electrical service to rural areas. Any wind project that sells power to rural areas, such as via a contract with a rural generation and transmission entity, is eligible for this financing. A variety of ownership structures are eligible, including corporations, tribes, cooperatives, or RUS-financed utilities.

Business and Industry Guaranteed Loans

- For rural wind projects that do not qualify for Rural Electrification Loans, this program can guarantee loans of up to \$25 million at or near prime rates
- With lending authority of up to \$840 million annually, this loan guarantee program can benefit a wind project by making it more attractive to lenders. As a result of reduced lender risk, it also often improves the provisions of the project loan with longer loan terms and lower interest rates
- Eligible borrowers include corporations, cooperatives, municipalities and counties, tribes, trusts, and individuals. Most financial institutions are eligible to participate as lenders
- Lending program requires collateral.

High Energy Cost Grant Program

- This program can provide grants to install small or distributed-scale wind projects in areas without existing grid access.
- Funded at around \$11 million annually, this program is designed to provide power to areas with extremely high energy costs (more than 275% of the state average)
- Grants can be used to pay up to the full cost of a project, and grant requests must be for at least \$75,000
- Applicant should demonstrate that project will result in a significant reduction in local energy costs.

Project Planning

Value Added Producer Grants

- Available for any agricultural producer, or for any business or cooperative with majority ownership by producers
- This program provides grants of up to \$100,000 that may be used for planning purposes, including resource assessments, feasibility studies, marketing and business plans, and legal evaluations
- This highly competitive program is funded at around \$14 million annually and is well suited for the earlier stages of wind project development
- Grant proposals that can demonstrate benefits for larger groups of producers, such as cooperatives, will receive higher priority.

Rural Business Enterprise Grants

- Program is focused on supporting the development of ailing rural economies through new businesses enterprises. Emphasis is on job creation
- The grants are made to public bodies, tribes, or nonprofit corporations that serve rural areas
- This very competitive program annually provides \$43 million in grants to these intermediaries to support small, emerging businesses, such as a cooperative formed to build a community-scale wind project
- Recipients may use the funds to create revolving loan funds or to conduct resource assessments or other feasibility studies that benefit the creation or expansion of local businesses related to wind development

Economic Development

Rural Business Opportunity Grants

- This grant program could be used by a rural community to investigate wind development or industry as a means for rural economic development
- Funded at \$3 million, this highly competitive grant program provides startup capital for promoting economic development in rural communities
- Available to non-profits, public bodies, tribes, and rural cooperatives, this program provides grants of up to \$50,000 to conduct economic development planning, to develop training for entrepreneurs, to identify and analyze business opportunities, and provide technical assistance to local businesses

For detailed information about these programs contact:

Your state USDA Rural Development office at:
www.rurdev.usda.gov/rbs/farmbill/contacts.html



Your USDA Rural Utility Service contact at:
www.usda.gov/rus/electric/contacts/field.shtml



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