



Committed to the future of rural communities.

USDA Rural Development Energy Programs

America's 21st century energy landscape presents needs that are greater than ever before. We face new challenges to reduce dependence on imported oil, to improve the environment and to make clean, affordable energy alternatives available to consumers. USDA Rural Development is helping to lead the way in the agriculture sector - finding energy solutions in our fields and helping rural residents and communities access renewable fuels. USDA Rural Development provides funding for the development and commercialization of renewable energy sources - including wind, solar, geothermal, hydrogen, biomass (organic material from plants and animals) and biofuel (ethanol, biodiesel, etc.) - to change the way people power their cars, homes, businesses and industries. By making renewable energy sources commercially viable, USDA Rural Development is also creating lasting avenues for wealth, new jobs and increased economic opportunities in rural America.

Renewable Energy Systems and Energy Efficiency Improvements Program (Section 9006)

The Section 9006 energy program provides loan guarantees and grants to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy efficiency improvements. Renewable energy systems include those that generate energy from wind, the sun, biomass (i.e., renewable organic farm and forest materials, excluding old-growth timber), a geothermal source - or ones that produce hydrogen from biomass or water using renewable energy. Energy efficiency projects typically involve installing or upgrading equipment to significantly reduce energy use.

Applicants may qualify for a grant, a guaranteed loan, or a combination of both. Section 9006 renewable energy grants can range from \$2,500 to \$500,000, while energy efficiency grants can range from \$1,500 to \$250,000. Grant requests may not exceed 25 percent of the eligible project costs. Section 9006 loan guarantees can range from \$5,000 to \$10 million per project. Loan guarantees may not exceed 50 percent of the eligible project costs. Projects can qualify for a combined grant and loan guarantee, but the grant portion is still subject to the 25 percent limit and the combined assistance may not exceed 50 percent of the total eligible costs. Projects under \$200,000 qualify for a simplified application process.

Value-Added Producer Grant Program

The Value-Added Producer Grant Program provides grants for planning activities and for working capital for marketing value-added agricultural products, and for farm-based renewable energy. Priority is given to applicants who have at least 51 percent of project costs dedicated to activities for a bioenergy project. Eligible applicants include independent producers, farmer and rancher cooperatives, ag producer groups, and majority-controlled producer-based business ventures. The maximum for a planning grant is \$100,000, or \$300,000 for a working capital grant.

Biobased Products and Bioenergy Program

The Biobased Products and Bioenergy Program provides Business and Industry (B&I) Guaranteed Loans to finance technologies that convert biomass into affordable electricity, fuel chemicals, pharmaceuticals and other materials in cost-competitive ways for large national and international markets.

Business and Industry (B&I) Guaranteed Loan Program

The Business and Industry (B&I) Guaranteed Loan Program provides financial backing for rural businesses through guarantees up to 80 percent of a loan made by a commercial lender. Loans may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. Biobased, bioenergy and other qualified energy projects may be financed through the program.

The maximum B&I Guaranteed Loan that can be offered to any one borrower under this program is \$25 million. A maximum of 10 percent of program funding is available to value-added cooperative organizations for loans above \$25 million up to a maximum aggregate of \$40 million.

Cooperative Energy Programs

USDA Rural Development's Cooperative Programs conducts and oversees a range of research related to the economics and business of renewable energy. Through in-house, cooperative agreements, and contract research, Cooperative Programs is focusing on

providing a greater understanding of business options, market conditions and policy implications of renewable fuels. Current projects focus on alternative business and investment models, distributed energy, ethanol and the macro-economy, rapid growth strategies for ethanol, and incorporation of renewable energy issues within State rural development plans. Research provides guidance to renewable energy investors, entrepreneurs, business assistance providers and policy makers.

Biomass Research and Development Program

Jointly operated by the Departments of Agriculture and Energy, the Biomass Research and Development Program provides research and development grants for biobased products, bioenergy, biofuels, biopower and related processes. The program is designed to encourage biodiesel production and ethanol production, including making cellulosic ethanol cost-competitive. The initiative has provided cooperative funding for a diverse and innovative array of projects, including anaerobic digestion, biorefineries, biomass-focused forest management training and innovative use of feedstocks. Eligible entities are institutions of higher learning, national laboratories, Federal or State research agencies, private sector entities and nonprofit organizations.

Direct and Guaranteed Electric Loan Program

The Direct and Guaranteed Electric Loan Program provides financing to eligible non-profit utility organizations, such as electric cooperatives and public utility districts, to develop renewable energy, biomass, photovoltaic, and wind-powered renewable energy projects developed by Electric Program loan borrowers. In addition to on-grid and off-grid renewable energy systems, the loans and loan guarantees may also be used to finance energy conservation programs.

USDA Rural Development programs can also reduce rural energy costs and consumption by financing energy-efficient business facilities and equipment, and energy-efficient homes.

Business-Oriented Programs

Qualified energy-efficiency projects may be assisted through the Rural Development **Rural Business Enterprise Grant Program**, which facilitates development of small and emerging private rural business enterprises; the **Rural Business Opportunity Grant Program**, which sustains economic development in rural communities with exceptional needs; and, the **Rural Economic Development Loan and Grant Program**, which provides loans and/or grants toward sustainable rural economic development and job creation projects for Rural Development electric and telephone utilities loan borrowers. Applicants seeking ener-

gy funding under these programs should contact their local Rural Development Energy Coordinator.

Residential Energy Programs

USDA Rural Development's **Home Energy Advantage Program** provides certain low- and moderate-income families, who might not otherwise qualify for homeownership, additional incentives to purchase an energy-efficient home. The **Home Repair and Preservation Program** provides assistance to low- and very-low-income rural homeowners for critical home improvements, including weatherization, insulation and new heating systems.

For More Information:

Contact your nearest USDA Rural Development State office or USDA Service Center. These are usually listed in telephone books under "U.S. Government, Department of Agriculture."

Or you may contact the USDA Rural Development National office at (202) 720-4323. Fax: (202) 690-0311. Write: USDA Rural Development, Stop 0705, 1400 Independence Ave. SW, Washington, D.C. 20250-0705.

Website: <http://www.rurdev.usda.gov>

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