Rural Energy for America Program Renewable Energy & Energy Efficiency

What does this program do?

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

Who may apply?

- **Agricultural producers with at least 50% of gross income coming from agricultural operations, and**

- **Small businesses in eligible rural areas.**

NOTE: Agricultural producers and small businesses must have no outstanding delinquent federal taxes, debt, judgment, or debarment.

What is an eligible area?

- Businesses must be in an area other than a city or town with a population of greater than 50,000 inhabitants and the urbanized area of that city or town. Check eligible business addresses.

- Agricultural producers may be in rural or non-rural areas.

How may the funds be used?

Funds may be used for the purchase, installation, and construction of renewable energy systems, such as:

- Biomass (for example: biodiesel and ethanol, anaerobic digesters, and solid fuels)

- Geothermal for electric generation or direct use

- Hydropower below 30 megawatts

- Hydrogen

- Small and large wind generation

- Small and large solar generation

- Ocean (tidal, current, thermal) generation

Funds may also be used for the purchase, installation, and construction of energy efficiency improvements, such as:

- High efficiency heating, ventilation, and air conditioning systems (HVAC)

- Insulation

- Lighting

- Cooling or refrigeration units

- Doors and windows

- Electric, solar, or gravity pumps for sprinkler pivots

- Switching from a diesel to electric irrigation motor

- Replacement of energy-inefficient equipment

What funding is available?

- Loan guarantees on loans up to 75% of total eligible project costs

- Grants for up to 25% of total eligible project costs

- Combined grant and loan guarantee funding up to 75% of total eligible project costs

What are the loan guarantee terms?

- $5,000 minimum loan amount

- $25 million maximum loan amount

- Up to 85% loan guarantee

- Rates and terms negotiated with the lender and subject to USDA approval

- Maximum term of 30 years for real estate

- Maximum term of 15 years, or useful life, for machinery and equipment

- Maximum term of 7 years for capital loans

- Maximum term of 30 years for combined real estate and equipment loans

What are the grant terms?

Renewable Energy System Grants:

- $2,500 minimum
- $500,000 maximum

Energy Efficiency Grants:

- $1,500 minimum
- $250,000 maximum

Are there additional requirements?

- Applicants must provide at least 75% of the project cost if applying for a grant only.
- Applicants must provide at least 25% of the project cost if applying for loan, or loan and grant combination.
- Projects greater than $200,000 require a technical report.
- Energy efficiency projects require an energy audit or assessment.

How do we get started?

Applications for this program are accepted year round at your local RD office.

Who can answer questions?

Contact your State Rural Development Energy Coordinator.

What governs this program?

- Basic Program – 7 CFR 4280, Subpart B
- This program is authorized by Title IX of the Agricultural Act of 2018, (2018 Farm Bill).

Why does USDA Rural Development do this?

This program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements. Over time, these investments can also help lower the cost of energy costs for small businesses and agricultural producers.

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