USDA Farm Bill 9006 Energy Funding

The US Department of Agriculture released its funding notification on March 28, 2005 for $11.4 million in energy efficiency and renewable energy grants and $11.4 million in loans. Loan funds not utilized by August 31, 2005 will revert to grant applications.

Applications are due June 28, 2005.

The Minnesota USDA office (contact below) can provide application materials and review applications for completeness and content if pre-submitted early enough.

Applicant Eligibility

Farmers & Ranchers	Rural Small Business
• An individual or entity directly engaged in the production of agricultural products, including crops; livestock; forestry products; hydroponics; nursery stock; or aquaculture, where 50 percent or more of their income is derived from them. • Individuals must be U.S. citizens or legal permanent residents living in the U.S. • Entities must be at least 51 percent owned by individuals who are either U.S. citizens or legal permanent residents.	• A private entity including a sole proprietorship, partnership, corporation, or a cooperative (including most Rural Electric Cooperatives). • Must meet U.S. SBA definition of small business • Must include all parent, affiliate, or subsidiary entities at other locations. • The business headquarters must be in an eligible rural area. • Entities must be at least 51 percent owned directly or indirectly by individuals who are either U.S. citizens or legal permanent residents.

Project Eligibility

- Projects are for the purchase of a renewable energy system.
- Proejcts to make energy efficiency improvements.
- The project and business headquarters must be in a rural area (see contact list for details on “rural area”).
- The project must be for pre-commercial or commercially available and replicable technology, i.e. not research or development phase technology.
- The project must be technically feasible based on information provided by the applicant and industry experts.
- The applicant must be the owner of the system and either control the operation and maintenance of the proposed project or utilize a qualified third party operator.
- All projects need to be financially feasible, i.e. annual revenues or savings exceed operation and maintenance costs.

Project Funding

Eligible Costs	Ineligible Costs	Matching Funds
• Purchase and installation of equipment*, • Construction or project improvements*, • Energy audits or assessments, • Permit Fees • Professional Service Fees, except application preparation • Feasibility Studies • Business Plans • Retrofitting* • Construction of a new facility (limitations apply)* * Costs incurred before applying to the USDA are not eligible for cost share or as match.	• Land Acquisition • Capital leases • Working capital • Residential improvements • Agricultural tillage equipment • Vehicles • Preparation of the grant application • Waste collection • Funding of political or lobbying activities • Operating, maintenance, routine repairs, or fuel cost • Production, collection, & transportation of energy inputs • Costs paid prior to an application being received by USDA except for predevelopment costs such as energy audits, feasibility studies, business plans, permit fees or professional service fees.	• The applicant provides a minimum of 75% of eligible project costs (including credit) • Matching funds cannot include grants from any federal grant program. • Third–party in-kind contributions will be permitted up to 10 percent of the matching fund requirement or 7.5 percent of the total project cost. • Applicant in-kind cannot be used to meet the matching fund requirement. • Recipients shall NOT construct the facility, project or improvement in total, or in part, themselves or with their own personnel and/or equipment.

- Most projects will contain eligible and ineligible costs. Applicants will need to provide breakdown of project costs to allow the USDA to determine eligible costs and to verify the amount of the grant requested: Eligible Costs + Plus Ineligible Costs = Total Project Costs
- Minimum request for both programs is $2,500
- Maximum efficiency request is $250,000; renewable is $500,000
- Maximum assistance to any one individual or entity is $750,000

Energy Technology Table

	Biogas	Biomass	Efficiency	Geothermal	Hydrogen	Solar	Wind
Definition	The use of animal waste or organic materials to produce methane for heating or electricity through anaerobic digestion.	The production of fuel, heat, or electricity from wood, agricultural crops, crop residue, animal wastes, fats, oils or greases.	Improvements to a facility, building, or process that reduces energy consumption.	The use of heating and/or cooling energy from a geothermal heat source.	Projects that produce or use hydrogen from renewable sources	Production of heat or electricity from sunlight	Production of electricity from wind
Pre-Application Activities	Projects of $50,000 or more require a feasibility study.	Projects of $50,000 or more require a feasibility study.	- On-site energy audit - Projects of more than $50,000 require a full energy audit & professional engineer	On-site energy audit if efficiency	Projects of $50,000 or more require a feasibility study.	Projects of $50,000 or more require a feasibility study.	Projects of $50,000 or more require a feasibility study.
Project Examples	Manure or food waste digester	- Ethanol plant - Biomass boiler	- High-efficiency equipment retrofit (lighting, motors, refrigeration, dryer, furnace, etc) - Thermal blanket at a greenhouse	Ground source heat pump (GSHP)	Fuel cell project	- Photovoltaic system - Solar hot water system	Wind turbine
Additional Funding Ideas	MN Incentive Program		Local electric / natural gas utility incentives	- Local electric / natural gas utility incentives - Potentially lower electricity rate		- MN Solar Electric Rebate Program - MN Power Solar Electric Rebate Program	
Most Cost Effective Options	- Utilize methane for building/process heat (rather than electricity) - Combine with state incentive program	Utilize biomass for building/process heat (rather than electricity)	- Most cost effective of all technologies - Combine with utility incentives	- Businesses with year-round space heating & cooling needs - Buildings currently using electric heating - New construction	Least cost effective of all technologies	Combine with rebate program(s)	Ownership models to fully utilize federal tax credit
Comments				GSHP can apply as efficiency		Solar thermal can apply as efficiency	Interconnection to grid a difficult issue

General Resources

Application Materials Advanced Application Questions Application Review Lisa Noty, 507-437-8247, x150 USDA-Minnesota www.rurdev.usda.gov/rbs/farmbill	General Application Questions Application Technical Assistance Amanda Bilek, 651-645-6159, x5 MN Project www.mnproject.org	Federal and State Financial Incentives www.dsireusa.org U.S. Department of Energy www.eere.energy.gov/regions/midwest/farmers.html Rural Area Verification maps.ers.usda.gov/loanlookup/viewer.htm

Biogas (i.e. manure digesters) Heat / Electricity

General Information Find a Consultant US Env. Protection Agency AgStar Program www.epa.gov/agstar	General Information Amanda Bilek, 651-645-6159, x5 MN Project www.mnproject.org	General Information Ag Utilization Research Institute www.auri.org/research/digester/diglead.htm	MN Production Incentive Program Jeremy DeFiebre, 651-297-1221 MN Dept of Commerce www.commerce.state.mn.us

Biomass Heat / Electricity

General Information Jeff Haase, 651-297-5648 MN Dept of Commerce www.commerce.state.mn.us	General Information US Dept of Energy www.eere.energy.gov/RE/biomass.html	General Information ME3 www.me3.org/issues/biomass/index.html www.me3.org/issues/ethanol/index.html

Energy Conservation / Efficiency

General Information Jim Madson, 651-297-2326 MN Dept of Commerce www.commerce.state.mn.us	General Information US Env. Protection Agency EnergyStar Program www.energystar.gov	Financial Incentives Contact your local electric or natural gas utility	General Information ME3 www.me3.org/issues/efficiency/index.html

Ground Source Heat/Cool Pump

General Information	General Information	Off-peak or Dual-Fuel Electricity Rates
Find an Installer		Financial Incentives
	US Dept of Energy	
Geothermal Heat Pump Consortium	www.eere.energy.gov/RE/geo_heat_pumps.html	Contact your local electric utility
www.geoexchange.org		

Hydrogen

General Information	General Information	General Information
Ralph Nordstrom, 612-278-7150	U.S. Dept of Energy	ME3
	www.eere.energy.gov/RE/hydrogen.html	www.me3.org/issues/fuelcells/index.html
Upper Midwest Hydrogen Initiative	www.hydrogen.energy.gov	
www.gpisd.net/resource.html?Id=5		

Solar Heat / Electricity

General Information	MN Power Solar Electric Rebate Program	General Information	General Information	General Information
Find an Installer				
MN Solar Electric Rebate Prog.	Dean Talbott, 218-722-1972, x2843	U.S. Dept of Energy	Solar Minnesota	ME3
	MN Power	www.eere.energy.gov/solar	www.solarminnesota.org	www.me3.org/issues/solar/index.html
Mike Taylor, 651-296-6830	www.mnpower.com			
MN Dept of Commerce				
www.commerce.state.mn.us				

Wind Electricity

General Information	General Information	Interconnection	General Information	General Information
	Find an Installer	Power Purchase Agreement		
Sarah Johnson, 612-870-3461	Resource Assessment		US Dept of Energy	ME3
Windustry		Contact your local electric utility	www.eere.energy.gov/RE/wind.html	www.me3.org/issues/wind/index.html
www.windustry.org	Jeff Haase, 651-297-5648			
	MN Dept of Commerce			
	www.commerce.state.mn.us			