The Farm Security and Rural Investment Act of 2002 established the RE Systems and EE improvements program to help agricultural producers and rural small businesses reduce energy costs and consumption through the purchase of renewable energy systems and installation of energy efficiency improvements.

- Includes renewable energy derived from wind, solar, biomass, or geothermal sources; or hydrogen derived from biomass or water using wind, solar, or geothermal energy sources. Does not include recycled paper or non-segregated solid waste.
- Energy efficiency (EE) improvements must conserve energy and may require energy assessments or audits. EE includes reduction of energy consumed per s.f. so expansion projects may be eligible.

**Eligible Areas**
Communities of less than 50,000 population and not contiguous to a community of 50,000 or more population. All areas in Vermont are eligible. Some areas in southern NH may be ineligible.

**Eligible Applicants**
Agricultural Producers directly engaged in the production of agricultural products, whereby 50% or greater of their gross income is derived from the operations; and Rural Small Businesses that meet the SBA’s Small Business Size Standards by NAICS Industry including all parent, affiliate, and subsidiaries at other locations.
- Agricultural Producers are eligible
- Sole proprietorships, partnerships, corporations, and cooperatives are eligible
- Municipalities, school districts, and nonprofit corporations are not eligible
- Grant applicants must demonstrate financial need based on applicant’s financial resources or project’s cash flow.
- Applicants may not have outstanding Federal judgments or be delinquent on Federal debt

**What types of funding will be available?**
The 2002 Farm Bill provides authority for loans, loan guarantees, and grant funding options. In FY2006, grant and guaranteed loan options are available.

The amount of grant funds available for FY2006 is $11,500,000. A grant cannot exceed 25% of the cost of the eligible project. The program also authorizes $200,698,080 for loan guarantees. A guaranteed loan will be limited to 50% of eligible project costs. A combination grant and guaranteed loan will be limited to 50% of eligible project costs. Applicant in-kind and other Federal awards cannot be used to meet match requirements. Third-party in-kind contributions will be limited to 10% of the match requirement.

**Program Specifics**
- Separate applications required for RE and EE
- Maximum 25% grant of the eligible project costs, with a 75% non-federal match required
- Grant minimum is $2,500 RE; $1,500 EE
- RE grant maximum is $500,000
- EE grant maximum is $250,000
- Maximum 50% of eligible project costs for guaranteed loan or grant/loan combination
- Guaranteed loan maximum is $10 million, and guarantee percentage 70% – 85%
- No business feasibility study for RE projects less than $200,000 total eligible project costs
- Energy assessment under $50k total eligible project costs, audit required over $50k
- Simplified application process for total eligible project costs < $200,000 w/ reduced technical requirements
- Project sites must be in eligible rural location
- Applicants must own the project and control the operation and maintenance of the project

**Examples of Ineligible Uses**
- Residential improvements
- Agricultural tillage equipment
- Vehicles
- Preparation of the grant application
- Waste collection
- Funding of political or lobbying activities
- Operating, maintaining, routine repairs, or fuel costs for biogas or biomass RE projects
- Grantees may perform some work if demonstrate expertise, subject to conditions

**Other**
- Scoring incentives for small and very small ag producers, as well as very small businesses

**Application Processing and Performance**
- Nationally competitive program with 3/2/06 and 6/5/06 grant deadlines
• Requests for Loan Guarantees will be accepted anytime
• Qualified industry experts will review the technical merits for eligible applications
• DUNS number required
• Intergovernmental review required as applicable
• VT and NH applicants should contact the VT State Rural Development Office early for Environmental Review and Assessment

Mission Statement: USDA Rural Development’s mission is to increase economic opportunity and improve the quality of life in Rural America by providing financial and technical assistance.

RE/EE Information Online
www.rurdev.usda.gov/rbs/farmbill

For more information, please contact:

USDA Rural Development Business Programs
City Center, 3rd Floor
89 Main Street
Montpelier, VT 05602
Attn: Lyn Millhiser
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USDA,
Director,
Office of Civil Rights,
Washington, DC 20250-9410

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