



United States Department of Agriculture
Rural Development
Hawaii State Office – Western Pacific Region

(Rev. 08/05/10)

Rural Energy for America Program (REAP)

FACT SHEET

What is the Rural Energy for America Program?

The [2002](#) Farm Bill established the Renewable Energy Systems and Energy Efficiency Improvements Program under Title IX, Section 9006. The Food, Conservation, and Energy Act of 2008 reauthorized this program with modifications. The following information is based on the old 9006 program; the full ramifications of the changes have yet to be finalized. REAP provides for loan guarantees and/or grants to farmers, ranchers and rural small businesses to purchase renewable energy systems and to make energy efficiency improvements.

Who is eligible?

- An agricultural producer (individual or entity) directly engaged in the production of agricultural products and obtains at least 50% or greater of their gross income from their agriculture business, OR
- A rural small business—an entity is considered a small business in accordance with SBA’s (Small Business Administration) small business size standards (by NAICS codes). SBA small size standards can be found at <http://www.sba.gov/size/index.html>. Also, the business headquarters must be in a rural area.
 - A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501(c) (12) of the Internal Revenue Code.
 - An electric utility, including a Tribal or governmental electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA’s definition of small business. These entities must operate independent of direct Government control.
- With the exception of the entities described above, all other non-profit organizations and public entities are excluded.
- Individuals must be citizens of the United States (U.S.) or reside in the U.S. after being legally admitted for permanent residence.
- If the applicant or an owner has an outstanding judgment obtained by the United States in a Federal Court (other than in the United States Tax Court), is delinquent in the payment of Federal income taxes, or is delinquent on a Federal debt, the applicant is not eligible to receive a grant until the judgment is paid in full or otherwise satisfied or the delinquency is resolved.

Project Eligibility

- For a renewable energy system or energy efficiency improvement project to be eligible to receive a grant or loan, the proposed project must:
 - be for the purchase of a renewable energy system or to make energy efficiency improvements.
 - be for a pre-commercial or commercially available, and replicable technology.
 - have technical merit.
 - be located in a rural area.
- Satisfactory sources of revenue in an amount sufficient to provide for the operation, management, maintenance, and debt service of the project must be available for the life of the project.
- Sites must be controlled by the applicant for the financing term of any associated loans.
- The applicant must be the owner of the project and control the revenues and expenses of the project, including operation and maintenance. A third-party under contract to the owner may be used to control revenues and expenses and manage the operation and/or maintenance of the project.

Room 311, Federal Building, 154 Waiianuenue Avenue, Hilo, Hawaii 96720, Tel: (808) 933-8380, FAX: (808) 933-8327, TDD: (808) 933-8321
<http://www.rurdev.usda.gov>

Committed to the future of rural communities

Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to USDA, Director, Office of Civil Rights, Washington, D. C. 20250-9410

How much assistance can be provided?

	Renewable Energy Projects	Energy Efficiency Improvements Projects
Description	A system that produces or produces and delivers usable energy from a renewable energy source.	Improvements to a facility, building, or process that reduces energy consumption.
Minimum grant (no more than 25% of total eligible project costs)	\$ 2,500	\$ 1,500
Maximum grant (no more than 25% of total eligible project costs)	\$ 500,000	\$ 250,000
Minimum guaranteed loan (no more than 75% of total eligible project costs)	\$ 5,000	\$ 5,000
Maximum guaranteed loan (no more than 75% of total eligible project costs)	\$ 25,000,000	\$ 25,000,000
Minimum grant portion of a combined funding request	\$ 1,500	\$ 1,500

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. **Only one application** per each type of project may be submitted per year. Technologies that are eligible for funding include: Biomass, Anaerobic Digester, Geothermal – electric generation, Geothermal – direct use, Hydrogen, Small and Large Wind, Small and Large Solar, Ocean (including tidal, wave, current, and thermal), Hydroelectric, and Energy Efficiency Improvements.

Eligible project costs include:

- Post-application purchase and installation of equipment, except agricultural tillage equipment and vehicles;
- Post-application construction or project improvements, except residential;
- Energy audits or assessments;
- Permit fees;
- Professional service fees, except for application preparation;
- Feasibility studies (Note: Feasibility Studies and Business Plans can be a stand-alone application);
- Business plans;
- Retrofitting; and
- Construction of a new facility only when the facility is used for the same purpose, is approximately the same size, and based on the energy audit will provide more energy savings than improving an existing facility. Only costs identified in the energy audit for energy efficiency projects are allowed.

Program Website: <http://www.rurdev.usda.gov/rbs/farmbill/index.html>