



Renewable Energy for America Program (REAP)

General Information – Renewable Energy and Energy Efficiency Projects

Program Objective

- To help agricultural producers and rural small businesses in rural areas reduce energy costs and consumption.
- REAP offers **GRANTS, GUARANTEED LOANS**, and combination grant and guaranteed loans to help eligible applicants purchase, install, and construct **renewable energy systems** and make **energy efficiency improvements** to non-residential buildings and facilities.

Eligible Applicants

- **Rural Small Business:** “Rural” generally means the project is NOT located in, or contiguous or adjacent to, a city or town that has a population of more than 50,000 inhabitants. An entity is considered a “Small Business” in accordance with the Small Business Administration’s Table of Small Business Size Standards (matched to NAICs for industries), which are based upon average annual sales receipts or average employment thresholds for each industry description. For more information about Small Business Size Standards, visit http://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf.

With limited exceptions for Tribal or Governmental electrical utilities, non-profits and public bodies are not eligible applicant types.

- **Agricultural Producer:** An individual or entity directly engaged in the production of agricultural products, including crops, livestock, forestry products, hydroponics, nursery stock, or aquaculture; whereby 50 percent or more of their gross income is derived from the operations. The SBA Size Standards and “rural” limitations do not apply to agricultural producer applicants.

Examples of Project Types

Renewable Energy	Energy Efficiency
<p>Construction or installation of a system that produces, or produces and delivers, usable fuel, thermal, or electrical energy from a renewable energy source. An independent feasibility study is required for projects exceeding \$200,000 total eligible project costs. Interconnection and/or Power Purchase agreements or intentions are required with the application, as applicable.</p>	<p>Improvements to a facility, building, or process that reduce per unit energy consumption. Efficiency improvements must be verified by an energy audit or assessment included with the application and should include current energy use, recommended improvements and costs, energy savings to result from the improvements, dollars saved per year, and the weighted-average payback in years.</p>
<ul style="list-style-type: none"> • Anaerobic Digester • Biomass / Bioenergy • Geothermal Electric Generation or Direct Use • Hydro-Electric • Hydrogen • Small and Large Solar and Wind • Ocean Energy Generation from tidal, wave, and thermal sources 	<ul style="list-style-type: none"> • Fuel: Irrigation projects switching from diesel to electric • Grain dryer replacements • Lighting or electrical improvements • HVAC improvements • Insulating buildings or barns

Additional Requirements

- **Authorized Uses:** Post-application purchase and installation of equipment (new, refurbished or remanufactured), except agricultural tillage equipment, used equipment, and vehicles; post-application construction or realty improvements, except residential; energy audits or assessments; permit and license fees; professional service fees, except for application preparation; feasibility studies, technical reports and business plans; retrofitting; construction of a new energy efficient facility ONLY when replacing an existing inefficient facility in the same size and use will result in more energy savings than improving the existing facility; replacement of inefficient equipment with equipment similar in capacity, as identified in the audit; and working capital and land acquisition (guaranteed loan only).
- **Commercial Technology:** Commercially available technology with a proven operating history, and an established design, installation and service industry is preferred. Pre-commercial technologies that have emerged through R&D with strong commercial potential may qualify, but require substantially more documentation. Experimental or R&D projects are not eligible. All projects must demonstrate technical merit in a specified report (7 CFR 4280-B).
- **Matching Funds:** Non-Federal funds must cover at least 75 percent of the total project costs and can be covered through the REAP Guaranteed Loan program.
- **Interim Financing:** Grant funds are typically disbursed after the project is complete, tested, and certified operational, so the applicant may need to secure interim financing to pay upfront costs.
- **Environmental Reviews by Rural Development:** Contact us early to determine inputs for the project.
- **Applicant Ownership and Control:** Eligible applicants must own the project and control the revenues and expenses of the project, including operations and maintenance; with satisfactory sources of revenue to provide for the operation, management, maintenance, and debt service of the project for the financing term. The project site must be controlled by the applicant for the financing term.

Financing Options

	Renewable Energy	Energy Efficiency
Grant Amounts: Not to exceed 25% of total eligible project costs	Minimum : \$ 2,500 Maximum: \$ 500,000 Maximum grant per applicant per Fiscal Year: \$ 750,000	Minimum : \$ 1,500 Maximum: \$ 250,000 Maximum grant per applicant per Fiscal Year: \$ 750,000
Guaranteed Loan Amounts: Not to exceed 75% of total eligible project costs	Minimum : \$ 5,000 Maximum: \$ 25,000,000	Minimum : \$ 5,000 Maximum: \$ 25,000,000
Applicants may also request funding in a Grant and Guaranteed Loan combination package for the project. The combined request may not exceed 75% of total eligible project costs.		
More on Guaranteed Loans: Interest rate negotiated between Lender and Borrower		
Required Equity by Borrowers	Loan Amounts <ul style="list-style-type: none"> • \$600k or Less: Minimum 15% Equity • Greater than \$600k: Minimum 25% Equity 	
Appraisal	Loan Amounts <ul style="list-style-type: none"> • \$600k or Less: Complete self-contained appraisal • Greater than \$600k: Complete summary appraisal 	
Maximum Percentage of Guarantee -Guaranteed Loan Terms <ul style="list-style-type: none"> • Real Estate: 30 years • M&E: 20 years/useful life • Working Capital: 7 years 	Loan Amounts <ul style="list-style-type: none"> • \$600k or Less : 85% Guarantee • Greater than \$600k to \$5M : 80% Guarantee • Greater than \$5M to \$10M : 70% Guarantee • Greater than \$10M to \$25M : 60% Guarantee 	

Contact Us

North Carolina - USDA Rural Development Energy Boundaries



Primary Contact

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Additional Resources

- USDA Energy Coordinators across the USA: http://www.rurdev.usda.gov/BCP_Energy_CoordinatorList.html
- USDA Energy website: http://www.rurdev.usda.gov/BCP_Reap.html
- USDA Energy Investment Map: <http://www.usda.gov/energy/maps/maps/Investment.htm>
- NC Green Power: <http://www.ncgreenpower.org>
- NC Renewable Energy Tracking System: <http://www.ncrets.org>
- NC State Energy Office: <http://www.energync.net>
- NC Department of Commerce: <http://www.thrivenc.com/incentives/financial/tax-credits/renewable-energy>
- American Council for an Energy Efficient Economy: <http://www.aceee.org/sector/state-policy/north-carolina>
- Duke Energy: <http://www.duke-energy.com/north-carolina-large-business/energy-efficiency/nclb-energy-efficiency-programs.asp>
- Database for Renewables and Efficiency: <http://www.dsireusa.org/incentives/index.cfm?re=0&ee=0&srp=1&state=NC>
- Waste Reduction Partners (free energy assessments)
 - Russ Jordan, russjordan.wrp@windstream.net | 828 251-7477
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 - Terry Albrecht, Terry.Albrecht@ncdenr.gov | 828 251-7475
 - www.WasteReductionPartners.org

