

Rural Energy for America Program (REAP)

REAP

The program provides guaranteed loans and grants to small businesses and agricultural producers to install renewable energy systems and energy efficiency improvement projects.



This program excludes residences.



Eligible Applicants

- Agricultural Producer
 - 5 years of tax returns – average gross agricultural operational income
 - 50% or greater of the income must be from agricultural production
- Rural Small Business
 - Average annual gross receipts + cost of goods sold – 5 years of tax returns or financial statements
 - Average annual employee count – 1 year of payroll documentation
 - Determine NAICS code - start with code on tax return
 - Determine size standard threshold – either # of employees or total annual gross receipts, use SBA rules

Applicant determines if they are an eligible agricultural producer or rural small business.

DO NOT SUBMIT TAX RETURNS OR FINANCIAL DOCUMENTS FOR PROJECTS \$200,000 OR LESS.

SBA Size Standard Tables

Annual Receipts

111211	Potato Farming	\$4.25
111219	Other Vegetable (except Potato) and Melon Farming	\$3.75
111310	Orange Groves	\$4.0
111320	Citrus (except Orange) Groves	\$4.25

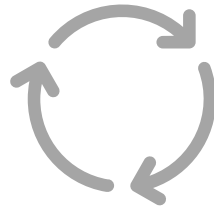
of Employees

311512	Creamery Butter Manufacturing	750
311513	Cheese Manufacturing	1,250
311514	Dry, Condensed, and Evaporated Dairy Product Manufacturing	750
311520	Ice Cream and Frozen Dessert Manufacturing	1,000

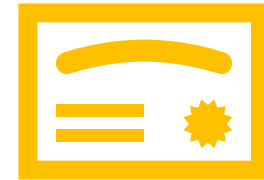
SAM Registration



Register for a Unique Entity Identification Number at SAM.gov.



Start this process early.



You must have an active SAM registration when you submit your application.

Attachments To The Application

Attach

Project quote.
Ask for references.
Ideally obtain multiple quotes.

Attach

Equipment specification sheets with the warranty information.

Attach

Project location map.
Schematic drawing indicating where the project will be located.

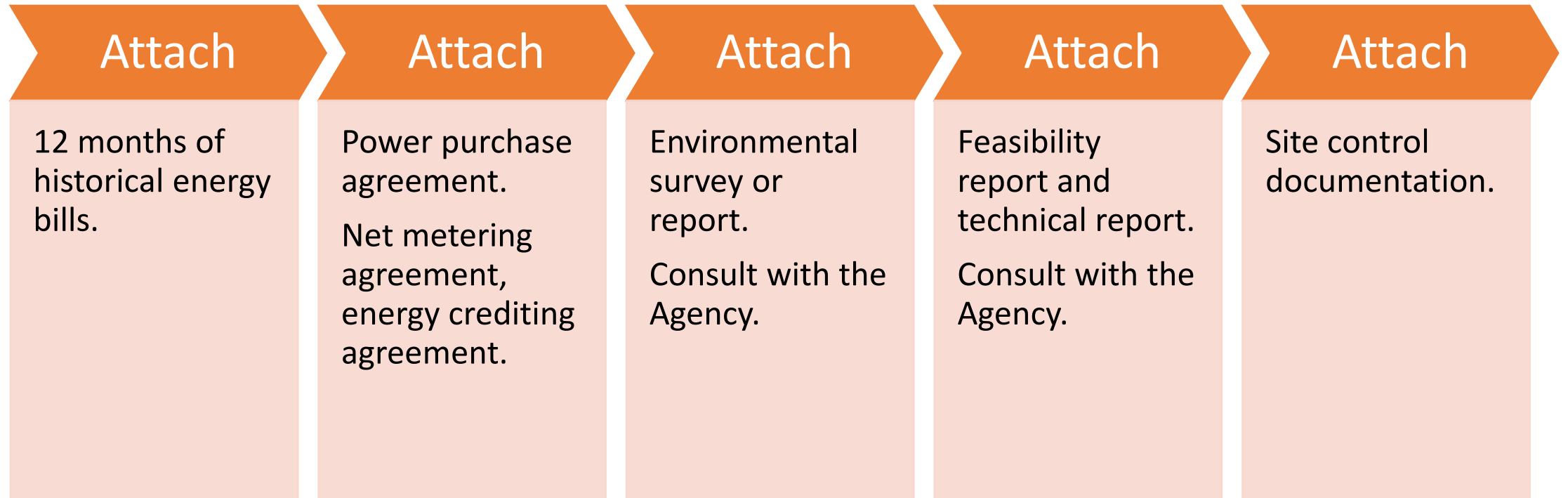
Attach

Renewable energy resource assessment.

Attach

Energy efficiency improvement assessment or audit.

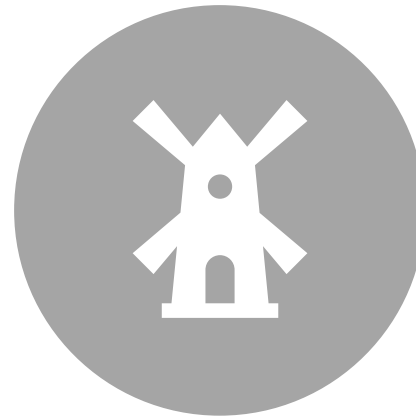
Attachments To The Application



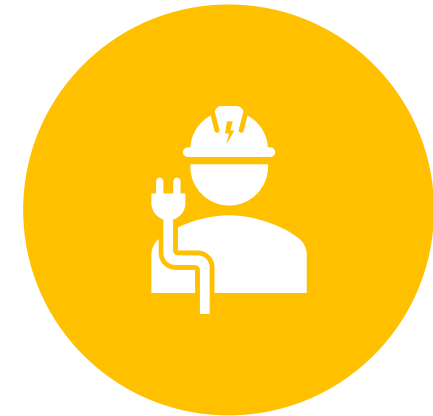
Shared Electrical Meter Business/Agricultural Producer & Residence



ATTACH A RESIDENTIAL ELECTRICAL USAGE REPORT BY UTILIZING AN ON-LINE CALCULATOR SUCH AS: [HTTPS://WWW.HOMEENERGYSAVER.LBL.GOV/CONSUMER/](https://www.homeenergysaver.lbl.gov/consuMER/) THIS IS NOT REQUIRED IF A SEPARATE METER IS INSTALLED FOR THE HOUSE.



50% OR MORE OF PROJECTED RENEWABLE ENERGY TO BE GENERATED MUST BENEFIT THE BUSINESS/FARM OPERATION IN ORDER FOR THE PROJECT TO BE ELIGIBLE.



A SEPARATE ELECTRICAL METER MAY ALSO BE INSTALLED. CONSULT WITH YOUR ELECTRIC UTILITY, MAY HAVE ADDITIONAL FIXED METER CHARGES.

Shared Electrical Meter Business/Agricultural Producer & Residence

Example - solar project with a residence and business/farm share a meter.

TPC \$90,000 (quote)

EPC Business/Farm \$82,139 (91.27%)

Residential \$7,861

1. Total projected solar production 64,515 kwh's (pv watts)
2. Total historical usage 58,892 kwh's (12 months utility statements)
3. Historical residence usage 5,635 kwh's (online home energy calculator tool)
4. The difference is business/farm usage 53,057 kwh's.
5. 64,515 kwh's projected – 53,057 kwh's actual agricultural producer/business kwh's used = excess of 5,823 kwh's sold to the grid.
6. 53,057 kwh's historical business/farm & 5,823 kwh's of supported grid sales = 58,880 kwh's of proposed system. Eligible % of proposed production, $58,880 \text{ kwh's} / 64,515 \text{ kwh's} = 91.27\%$.

Applicant Eligibility & REAP Grant % Shared Meter

Is the historical business/farm usage greater than the projected production of the system? If yes, it is eligible no production being produced for the house. If no, continue.

Will 50% or more of the proposed energy production be used by the business/farm?

53,057 kwh's historical business/farm & 5,823 kwh's of supported grid sales = 58,880 kwh's of proposed system. Eligible % of proposed production, $58,880 \text{ kwh's} / 64,515 \text{ kwh's} = 91.27\%$.

Business/farm usage is greater than 50%, it is eligible.

TPC $\$90,000 \times 91.27\% = \$82,139.04$ EPC for the business/farm

Maximum grant is \$20,534.76. When the grants were 25%, now they could be up to 40%.

Scoring Criteria

- ✓ Environmental Benefits
- ✓ Energy Generated, Replaced or Saved
- ✓ Commitment of Funds
- ✓ Previous Grantees and Borrowers

- ✓ Existing Businesses
- ✓ Simple Payback
- ✓ Size of Request
- ✓ SD/Admin

Commitment of Funds

- Attach the applicant contribution. This can include Focus on Energy, Pace, Bank Loan, or Savings/Checking Account.
- Commitment of funds.
 - 50% or less, 0 points
 - 51% or greater, up to 15 points

Grain Dryer Example - TPC \$188,166, EPC \$168,166, REAP grant request \$20,000 = Commitment Needed \$148,166.

Bank loan approval letter provided \$188,000, award 15 points.

Existing Business

Explain on Application Form 4280-3 a, b, or c ownership of the business, and how long you have been in operation.

Department of Financial Institution's certificate of good standing or organizational documents.

To receive points must have been in operation for at least 1 full year

New start-up businesses are eligible to apply but won't receive any points for this criteria.

Existing businesses, award 5 points.

Size Of REAP Funding Request

Grant request of
\$250,000 or less
for RES.

Grant request of
\$125,000 or less
for EEI.

Priority given to
smaller grant
requests.

EEI & RES
example, \$20,000
grant request, 10
points.

State Director & Administrator Priorities/Points – 10 points maximum

- Automatic Mandatory Points, 10 points
 - COVID-Impacts (None in WI as of 2-26-2023)
 - Rural Residents Equitable Access to RD Programs and Benefits
 - Distressed Communities
- * <https://www.rd.usda.gov/priority-points>
- Discretionary Points, up to 5 points
 - Under-Represented Technology
 - Geographic Diversity
 - Under-Served Populations, Veteran (20% greater), Women Owned (51% greater)
 - Federally Declared Disaster Area Within Last 2 Calendar Years
 - Persistent Poverty, Underserved Communities, Long-term Population Decline, or Loss of Employment

Maximum Score

Maximum 90 Score

- Renewable Energy > \$250,000 REAP Grant
- Energy Efficiency > \$125,000

Maximum 100 Score

- Renewable Energy < \$250,000
- Energy Efficiency < \$125,000

THE SMALLER THE GRANT REQUEST THE BETTER

Important Highlights

- No residential benefit allowed. Shared metering device = Additional restrictions, energy assessment, possible installation of second meter
- Unless you're an Ag Producer area must be in an eligible area
- REAP prohibits receiving more than 40% grant from a federal sources
- If selected: 2 years to complete your project
- Over \$200k TPCs requires additional documents
- Only costs incurred AFTER a complete application received are eligible
- REAP grants are taxable income



Inflation Reduction Act

\$2 billion dollars awarded over 10 years.

- REAP grant amount up from 25% to 40%.
- Grants may go up to 50% in future funding notices (Spring 2023)? Next notice projected to be published by March 31, 2023.
- Maximum grant amounts increased to \$500,000 EEI and \$1,000,000 RES.
- Several tax credits becoming available, consult with your tax advisor.

Signup for WI Rural Development, Rural Energy for America Program, updates at [GovDelivery subscriber page](#).

IRA Funding Trajectory

Rural Energy for America Program - IRA FY 22	\$820,250,000
Rural Energy for America Program - IRA FY 23	\$180,276,500
Rural Energy for America Program - IRA FY 24	\$180,276,500
Rural Energy for America Program - IRA FY 25	\$180,276,500
Rural Energy for America Program - IRA FY 26	\$180,276,500
Rural Energy for America Program - IRA FY 27	\$180,276,500
Rural Energy For America Program - Total	\$1,721,632,500
Underutilized Renewable Energy Technologies - IRA FY 22	\$144,750,000
Underutilized Renewable Energy Technologies - IRA FY 23	\$31,813,500
Underutilized Renewable Energy Technologies - IRA FY 24	\$31,813,500
Underutilized Renewable Energy Technologies - IRA FY 25	\$31,813,500
Underutilized Renewable Energy Technologies - IRA FY 26	\$31,813,500
Underutilized Renewable Energy Technologies - IRA FY 27	\$31,813,500
Underutilized Renewable Energy Technologies - Total	\$303,817,500
All IRA REAP Spending - Total	\$2,025,455,000

Gillis Farm Inc.

EI Grain Dryer Replacement Project - \$20,000 REAP Grant

Total Project Costs - \$188,166

Total Eligible Costs - \$168,166, \$20,000 Cost Incurred Prior to Application Submittal

Focus On Energy Incentives – over \$20,500

18,722 kwh's electricity saved, 13,342 therms natural gas saved

Over 56% Savings

Saving Over \$11,000 a Year

3rd Party Energy Audit, 12 Months of Energy Bills (electric & gas), Matching Fund Documentation (bank loan), Requested less than the Maximum REAP Grant Amount

Communication is Key!

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