

# USDA



# Rural Development

State of New Mexico

## ENERGY PROGRAMS

WIN Meeting  
Milan, NM  
May 9, 2011

Elizabeth Kistin, Development Coordinator



**U.S. Department Of Agriculture**

# **Rural Development**

**Mission: To increase economic opportunity  
and improve the quality of life for rural  
Americans**



# Priorities and Program Areas

## PRIORITIES

- Strategic Partnerships
- Capital Markets
- Regional Food Systems
- Regional Collaboration
- Community Building
- Alternative Energy
- Broadband and Continuous Business Creation

## PROGRAM AREAS

- Housing  
(Communities of 10,000 or less)
- Community Facilities  
(Communities of 20,000 or less)
- Business and Cooperative  
(Communities of 50,000 or less)



# **Business Energy Programs**

- **Business & Industry Guaranteed Loan**
- **9003 - Biorefinery Assistance**
- **9004 - Repowering Assistance**
- **9005 - Payments for Advanced Biofuels**
- **9007 - Renewable Energy for America**
- **9008 - Biomass R & D Program**
- **Value Added Producer Grant**
- **Rural Business Enterprise Grant**



# Business & Industry Loan Guarantees

**Objective:** to create jobs and stimulate rural economies by providing financial backing for rural businesses

**Eligible Applicants:** Businesses

**Uses:** Most business purposes except production agriculture

**Terms:** Loan terms are negotiated between the lender and the borrower. Government guarantees loan (60%-90%), up to \$50 million.



Ribbon cutting at the new mini mart in Alamo, NM



# Biorefinery Assistance (9003)

**Objective:** to assist in the development of new and emerging technologies for the production of advanced biofuels.

- Biofuel derived from cellulose, hemicellulose or lignin
- Biofuel derived from sugar and starch (other than corn kernal starch Ethanol)
- Biofuel derived from waste material (i.e. crop residue and animal, food and yard waste)
- Diesel-equivalent fuel derived from vegetable oil and animal fat
- Biogas produced through the conversion of organic matter
- Butanol or other alcohols produced through the conversion of organic matter
- Other fuel derived from cellulosic biomass



# Biorefinery Assistance (9003)

**Eligible Applicants:** Individual entity, tribe, state or local government, corporation, cooperative, association of agricultural producers, national laboratory, institute of higher education, rural electric coop, public power entity

**Uses:** The development and construction of commercial-scale biorefineries using eligible technology or the retrofitting of existing facilities including wood product facilities with eligible technology

**Terms:** Loan terms are negotiated between the lender and the borrower. Guarantee percentages vary with loan size. The maximum guaranteed loan is \$250 million.

**Deadline:** May 10, 2011



# Repowering Assistance (9004)

**Objective:** to provide financial incentives to biorefineries to replace the use of fossil fuels used to produce heat or power at their facilities with renewable biomass systems

**Eligible Applicants:** Biorefineries in existence on 6/18/2008 (the date of the enactment of the 2008 Farm Bill)

**Uses:** Installation of new systems that use renewable biomass to replace use of fossil fuels

**Terms:** Payments of up to \$5 million or 50% of total eligible project costs, whichever is less

**Deadline :** June 9 , 2011



# Payment to Advanced Biofuel Producers (9005)

**Objective:** to support and ensure an expanding production of advanced biofuels by providing payments to producers

**Eligible Applicants:** Advanced biofuels producer

**Uses:** Production of advance biofuels

**Terms:** Each quarter the agency will establish an Actual Production Payment Rate; An Incremental Production Payment Rate will be calculated at the end of the fiscal year, based upon documentation of increased production

**Deadline:** May 10, 2011



# Rural Energy for America Program (REAP)

**Objective:** to reduce energy costs and consumption

## **Uses:**

- Energy audits (grants) – June 30
- Renewable energy feasibility studies (grants) – June 30
- Renewable energy and energy efficiency (grants and loan guarantees) - June 15

**Eligible Applicants:** Ag producers and small businesses. Public bodies, educational institutions and electric coops may also apply for the energy audit component.



# Rural Energy for America Program (REAP)



Solar Array outside of UNM's Taos Campus

- Grants are limited to 25% of eligible project cost, NTE \$500,000 grant for renewable energy and \$250,000 for energy efficiency projects
- Guaranteed loans and Guaranteed Loan/Grant combination are limited to 75% of eligible project cost, NTE \$25 MM loan

- **Guarantees**

- 85% for loans  $\leq$  \$600,000
- 80% for loans  $\leq$  \$5 mil
- 70% for loans  $\leq$  \$10 mil
- 60 % for loans  $>$  \$10 mil



# Biomass R&D (9008)

**Objective:** to finance the research and development of biomass based products, bioenergy, biofuels and related processes

**Eligible Applicants:** Institutions of higher education, national laboratories, federal or state research agencies, private sector entities and non-profit organizations

**Uses:** Research and Development

**Terms:** Grants are awarded on a competitive basis. A minimum 20% cost share requirement applies and may be up to 50% depending on the nature of the project

**Deadlines:** Pre-applications due 5/31/11; Applications due 8/3/11



# Value-Added Producer Grant (VAPG)

**Objective:** to assist independent agricultural producers to enter into activities that add value to their crops

**Eligible Applicants:** Independent producers, cooperatives, producer groups and majority-controlled producer-based ventures

**Uses:** Planning purposes such as feasibility studies or work plans (up to \$100,000); Working capital to help start the operations of a new venture (up to \$300,000)

**Matching Requirements:** Dollar for dollar



# Rural Business Enterprise Grant



The Tohatchi Area of Opportunity and Service (TAOS) used RBEG funds to assist the owners of the Rez Rock Café with business Development

- **Objective:** to finance and facilitate the development of small and emerging private business enterprises.
- **Eligible Applicants:** Public bodies, non-profits, tribes and cooperatives.
- **Uses:** Buy and develop land, construct buildings and plants, purchase equipment, provide training, establish a revolving loan fund.

# **Working Together – What We Need From You**

- **Project Ideas**
- **Peer to Peer Education**
- **Partnerships**
- **Policy Feedback**

# Contact Us

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