

Food and Agricultural Products Center



May 5, 2003

Deadline for Energy Grants is June 6

STILLWATER, Okla. – The U.S. Department of Agriculture Rural Business-Cooperative Service recently announced the availability of energy grants for agricultural producers and rural small businesses for the fiscal year 2003. However, the deadline is approaching fast.

Twenty-three million dollars in competitive grant funds are available for use in purchasing renewable energy systems up to \$500,000 and making energy efficiency improvements up to \$250,000, said Rodney Holcomb, Food and Agricultural Products Research and Technology Center agribusiness economist.

“All applications must be postmarked by no later than June 6, 2003.” Holcomb said. “Otherwise, the applications will be returned.”

The complete Notice of Funds Availability appeared in the April 8th *Federal Register* which can be accessed at <http://fr.cos.com/cgi-bin/getRec?id=20030408a157>.

According to the NOFA, any agricultural producer or rural small business applying for grant funds must demonstrate that a “financial need” exists. For example, the applicant is “unable to finance the project from its own resources or other funding sources without grant assistance.”

For any proposed project to qualify as a “renewable energy” project, the energy generated must be derived from a wind, solar, biomass or geothermal source. A project also qualifies if the renewable energy is produced from hydrogen that is derived from biomass or water using wind, solar or geothermal sources.

“The renewable energy plant can use up to 25 percent of total energy input from non-renewable energy sources for ‘necessary and incidental requirements of the energy system,’ but no other non-renewable energy usage will be allowed,” Holcomb said.

For the applicant to qualify as a “rural” small business, the business must reside in a town of no more than 50,000 residents, with that number including the residents of any urbanized area contiguous and adjacent to the town. To qualify as a “small” business, the entity must meet the Small Business Administration’s Small Business Size Standards, have fewer than 500 employees and have less than \$20 million in total annual receipts.

To qualify for grant funding for energy efficiency improvements, an applicant must show that the savings generated by the project will conserve at least 15 percent of the last 12 months usage and that the improvements will pay for themselves within 11 years, Holcomb said.

“An energy audit will be needed to verify these savings,” he said. “The audit can be a written report by a qualified independent entity or individual that documents current energy usage, suggested improvements and their costs, energy savings in both energy amounts and cost savings and the weighted-average payback period for the improvements.”

Many USDA grants prohibit the use of funds for building facilities or purchasing fixed equipment. However, these funds will be eligible for use in the actual construction and equipping of facilities.

Eligible fund uses include purchasing and installing equipment, construction or improvements, energy audits, permit fees and professional service fees and feasibility studies and business plans.

Ineligible uses for the funds include land purchases, capital leases, working capital, residential improvements, vehicles and agricultural implements and waste collection.

An individual or entity may apply for both renewable energy systems grants and energy efficiency improvement grants, but each requires a separate proposal and no more than \$750,000 will be awarded to any one individual or entity.

For more details on the program or application materials, contact the appropriate state USDA Rural Development representative for this grant program. Oklahoma residents can contact Jody Harris at (405) 742-1036 or write to Jody Harris, USDA Rural Development, 100 USDA, Suite 108, Stillwater, OK 74074-2654.

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