

Funding Opportunity: Farm Bill Section 9006

What is Section 9006?

The [Farm Security and Rural Investment Act of 2002](#) (the Farm Bill) established the **Renewable Energy Systems and Energy Efficiency Improvements Program** under Title IX, Section 9006. This USDA program provides funding to agricultural producers and rural small business for assistance with purchasing renewable energy systems and making energy efficiency improvements.

Funding for 2008 has increased from \$23 million to \$36 million, and is available for grants, loan guarantees, or combination packages that include both grant and loan guarantees (see below for more details). Read the full 2008 [Funding Notice](#).

Should I Apply?

If you're planning an energy efficiency or renewable energy project, this funding is worth investigating. So far, USDA has awarded 435 grants totaling \$66.7 million in 36 states. And remember that you don't have to be a farmer or rancher to apply; rural small businesses also are eligible. To qualify as an agricultural producer, you must be directly engaged in agricultural production and receive over 50% of your gross income from agricultural operations. To qualify as a rural small business, you must meet the Small Business Administration size standards, at www.sba.gov/size/index.html.

What Type of Projects Are Eligible?

Energy Efficiency: Any project that saves energy (electricity, propane or natural gas, or diesel fuel) is eligible. Examples include dairy pumps and cooling systems, weatherization of poultry houses, efficient lighting and ventilation, insulation, irrigation equipment, industrial motors, and supermarket refrigeration systems. Energy efficiency projects require an energy audit or energy assessment, and only improvements identified in the energy study are allowed. (More on energy audits and assessments below.)

Energy Efficiency grants cannot be used for a new facility unless that facility is replacing an existing facility, nor can they be used for agricultural equipment or other vehicles. Projects that save fuel used in mobile sources (tractors, trucks) are not eligible.

Renewable Energy: Renewable energy systems can include small and large wind turbines, active or passive solar energy systems, geothermal heating and cooling, anaerobic digesters using food or livestock waste, systems using biomass fuels, or facilities producing ethanol or biodiesel. For renewable energy systems, only proven, commercially available and pre-commercial technology is eligible. Grants cannot fund research and development activities.

What type of Funding is Available?

Grants: USDA is making \$15.9 million available for grants in 2008 (though more may be available later, depending on unused loan guarantee allocations). USDA has established two grant cycles for 2008, with application deadlines of **April 16** and **June 16**. Fifty percent of the grant funding will be set aside for each cycle. Applications not funded in the first cycle will be reconsidered in the second cycle. **The maximum grant amount is 25 percent of eligible project costs.**

- For energy efficiency improvements, the minimum grant is \$1,500 and the maximum is \$250,000

- For renewable energy projects, the minimum grant is \$2,500 and the maximum is \$500,000

Loan Guarantees: As much as \$205 million in loan guarantees will be available this year by leveraging the initial \$19.9 provided by Congress. USDA will review and decide applications for loan guarantees on a continuous basis, but applications must be received by USDA by **June 16**. **The maximum loan amount is 50 percent of eligible project costs.**

- For both energy efficiency and renewable energy projects, the minimum loan amount is \$5,000 and the maximum is \$10,000,000.

Combination Packages: In addition to stand-alone grants and loan guarantees, applicants may apply for combination loan guarantee and grant funding. These applications will be reviewed bi-weekly and must be received by USDA by **June 16**. Funding approved for combination guaranteed loan and grant packages cannot exceed **50 percent of eligible project cost**, with the grant portion not to exceed **25 percent of eligible project costs** and the loan guarantee portion not to exceed 50 percent of eligible project costs.

- For both energy efficiency and renewable energy projects, the maximum combination grant/guaranteed loan is \$10,000,000. At least \$1,500 of any combination must be grant funding.

What are Eligible Project Costs?

- Purchase and installation of equipment, **except** agricultural tillage equipment, used equipment, and vehicles
- Construction or project improvements, **except** residential
- Energy audits or assessments
- Permit and license fees
- Professional services, **except** for application preparation
- Business plans
- Feasibility studies and technical reports
- Construction of a new, energy-efficient facility that provides more energy savings than improving an existing facility
- Energy-efficiency improvements identified in the energy audit

Additionally, guaranteed loans can include these eligible costs:

- Working capital
- Land acquisition

Equipment purchases and construction work must generally take place after you submit your application in order to be eligible.

Application Forms and Templates

Applications must include the following forms:

- [SF 424, Application for Federal Assistance](#)
- [SF 424C, Budget Information--Construction Programs](#)
- [SF 424D, Assurances--Construction Programs](#)
- [AD 1047, Certification Regarding Debarment, Suspension, and Other Responsibility Matters- Primary Covered Transactions](#)
- [AD-1048, Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion -Lower Tiered Covered Transactions](#)

- [AD 1049, Certification Regarding a Drug-Free Workplace Requirements](#)
- [RD 400-1, Equal Opportunity Agreement](#)
- [RD 400-4, Assurance Agreement](#)
- [RD 1940-Q, Certification for Contracts, Grants and Loans](#)
- [RD 1940-20, Request for Environmental Information](#)
- [SF LLL, Disclosure of Lobbying Activities](#)

Iowa USDA Rural Development developed the following templates and checklists, which can assist you with preparing a Section 9006 application.

Simplified Application	Full Application
Total eligible project costs are \$200,000 or less (grant request \$50,000 or less).	Total eligible project costs exceed \$200,000 (grant request exceeds \$50,000)
Simplified Application Template	Full Application Template
Simplified Application Checklist	Full Application Checklist

The simplified application requires special worksheets. The technology-specific worksheets below, written by the National Renewable Energy Lab, can help you complete the 'technical report' of the application. Note, however, that these worksheets pertain only to the simplified application.

Energy efficiency	Solar Photovoltaic (PV)
Biomass energy	Solar thermal
Small wind	

Tip: A common mistake in completing worksheets is not to provide sufficient information. Be sure to provide as much information as you can, using additional sheets if necessary.

How Are Applications Scored?

Several criteria are used to score applications, including: 1) quantity of energy replaced, produced or saved; 2) environmental benefits; 3) commercial availability of equipment or systems; 4) technical merit of project; 5) project readiness; 6) bonus points for being a small agricultural producer or very small business; 7) use of the simplified application for small projects; 8) receipt of previous Section 9006 awards; and 9) return on investment.

Tip: Before submitting, use this [score sheet](#) developed by the Iowa USDA Rural Development to self-score your application.

What Else is Required?

The required project information varies by the type and size of the proposed project. All grant requests will require a technical report. The [final rules](#) explain these technical requirements for

each category of renewable energy systems and energy efficiency improvements in considerable detail.

Energy-efficiency projects over \$50,000 require an **energy audit** as part of the application, and those under \$50,000 require an **energy assessment**. The energy audit or assessment will determine whether the improvements are eligible for funding and technical feasibility of the project. The cost of the audit can be recovered in a successful grant. Audits and assessments must be performed by an independent third party, not by the applicant or any company that sells a product or process.

Tip: The energy audit can account for as much as 29% of an application's score. Be sure your audit is thorough, and that it includes detailed information and documentation to support the conclusions.

If you are applying for a renewable energy system with project costs over \$200,000, you will need to have a **business feasibility study** performed by an independent consultant. If you plan to sell power back to a utility, you will also need to provide an **Interconnection Agreement** and a **Power Purchase Agreement**.

Finding the right contractor to do your energy audit, assessment, or business feasibility study can be challenging. Your state USDA Rural Energy coordinator may be able to help. Energy efficiency projects with total eligible costs over \$200,000 and renewable energy projects with total eligible costs over \$400,000 will require the services of a professional engineer.

More Tools and Tips

Allow Yourself Plenty of Time

The Section 9006 application process is lengthy and can be complicated. Get an early start to give yourself plenty of time to complete the application.

Focus on putting together the best application you can, rather than focusing on deadlines. If an application misses the deadline, it can be put into next year's pool.

Consider Hiring a Grant Writer

You might also consider contracting with a grant writer who has experience with Section 9006 applications. Note that these costs cannot be recovered in a successful grant. The Agriculture Marketing Resource Center has a searchable [Consultants and Service Providers Directory](#) that can help identify such grant writers. In addition, Iowa has developed a [List of Grant Writers & Combo Writers](#) for the Section 9006 program. Your [state USDA Rural Energy coordinator](#) might also be able to direct you to grant writers in your state.

The Environmental Law & Policy Center (ELPC) has a number of useful tools on its website that can help you prepare your Section 9006 application, including:

- [Section 9006 \(4280-B\) regulations](#)
- [SBA Small Business Size Standards](#)
- [Small Wind Sample Application](#) - This application, written by the National Renewable Energy Lab, will give you some perspective on what the Section 9006 application process involves. They also have a small solar system sample application, which can be found under the [Technical Requirements Worksheets](#) near the bottom of this page.

FAQs

Have more questions? ELPC has compiled a list of [Frequently Asked Questions](#) about Section 9006.