



# USDA



# Rural Development

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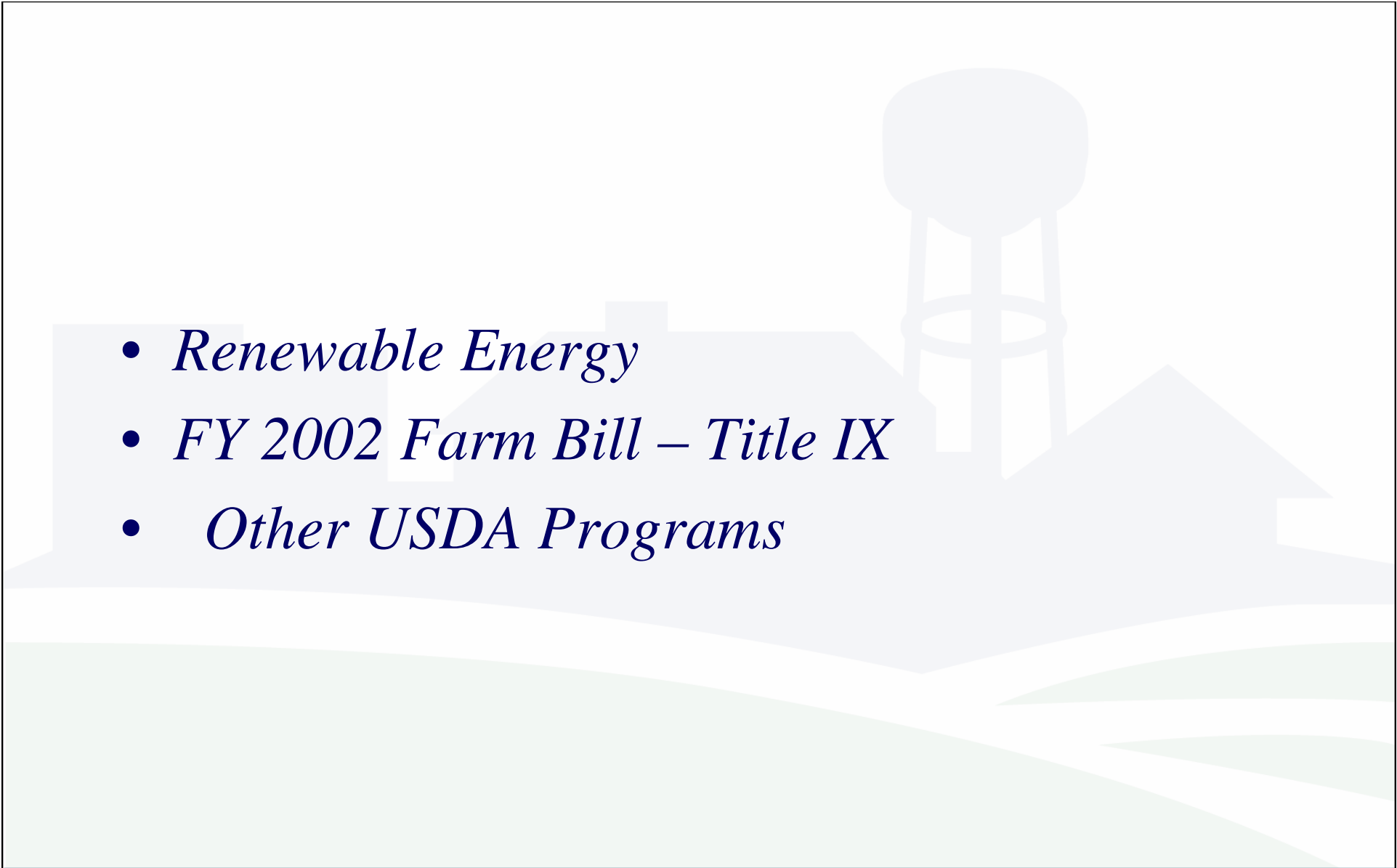
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**New Technology, Innovation Programs  
Energy From Agricultural  
and Success Stories  
St. Louis, Missouri  
December 14-15, 2005**

**William F. Hagy III  
Deputy Administrator, Business Programs  
USDA Rural Development**

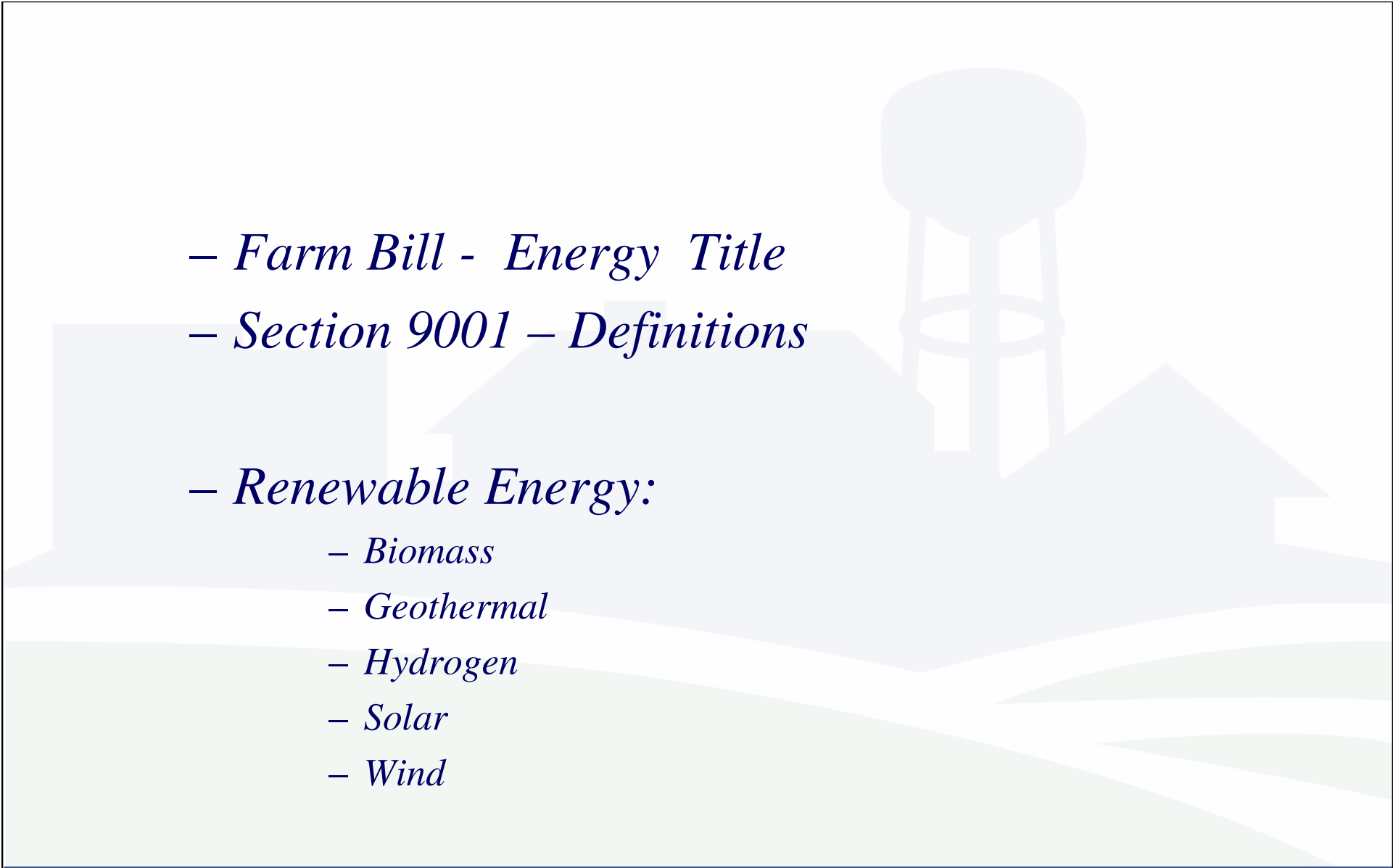


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- 
- *Renewable Energy*
  - *FY 2002 Farm Bill – Title IX*
  - *Other USDA Programs*



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- 
- *Farm Bill - Energy Title*
  - *Section 9001 – Definitions*
  
  - *Renewable Energy:*
    - *Biomass*
    - *Geothermal*
    - *Hydrogen*
    - *Solar*
    - *Wind*

***Farm Bill - Energy Title  
Section 9001 – Definitions Con't***

***– Biomass:***

- Agricultural Crops***
- Tree Grown for Energy Production***
- Plants (including aquatic plants and grasses)***
- Residues***
- Fibers***
- Animal Waste and other Waste Materials***
- Fats, Oils and Greases***



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***Farm Bill - Energy Title  
Section 9006 – Renewable Energy Systems and Energy  
Efficiency Improvements Program***

- Establishes a grant, loan, and loan guarantee program to assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems and for making energy efficiency improvements.***



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## *General Provisions*

- *Grant amount not to exceed 25% of activity funded.*
- *Combined loan/grant not to exceed 50% of cost of activity funded.*

*Partnering for America's Future*

**USDA:**

*Rural Development*

*Farm Services Agency*

*Natural Resource and Conservation Service*

*Forest Service*

*Department of Energy*

*Environmental Protection Agency*



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**Section 9006 Funding Activity FY 03 thru 05  
Renewable Energy**

	<b>No.</b>	<b>Amounts</b>	<b>Leveraged Funds</b>
Biomass	119	\$29,757,021	\$197,116,700
Wind	121	27,809,516	446,418,325
Solar	17	1,442,243	3,559,375
Geothermal	4	380,283	1,140,872
Hybrid	9	2,439,832	185,455,600
<b>Totals</b>	<b><u>270</u></b>	<b><u>\$61,828,895</u></b>	<b><u>\$833,690,872</u></b>

Energy Efficiency Improvements: 165 - \$4,927,655

Guaranteed Loans (Biomass): 2 - \$10,100,000    Leveraged Funds  
\$13,134,000



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## *Section 9006 – FY 06 Funding*

- *\$11.5 Million of Grant Funding*
- *\$200 Million of Guaranteed Loan Funding*
- *Application Procedures/Windows*



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## Section 9006 “Best Practices”

### Maine

- *\$4,133 grant to farmer in Maine to improve barn ventilation.*
- *Expected annual savings of 90,000 kwh/year.*
- *Expected annual savings of \$8,000/year.*

### Minnesota

- *\$17,175 grant to construct 35 kwh wind turbine in Minnesota on family farm.*
- *Extra income from sell of excess power generated.*
- *In operation since late FY 2003.*



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*Farm Bill - Energy Title  
Section 9008*

- *Purpose:*
- *Support of research, development and demonstration on biobased products, biofuels, and biopower.*
- *Eligible Recipients:*  
*Institutions of Higher Learning; National Laboratory; Federal Research Agency; State Research Agency; Private Sector Entities and Nonprofit Organizations or a consortium of two or more of entities described above.*



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***Farm Bill - Energy Title ,Section 9008 – (Con't)***

*Cost Sharing:*

*Minimum of 20% Non-Federal*

*Budget Outlook :*

*Discretionary Funding – \$12 Million FY 2006*



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*Farm Bill - Energy Title ,Section 9008 – (Con't)*

*Joint Solicitation:*

*USDA/DOC*

*Published on November 4, 2005*

*Pre-application window closes December 20,  
2005*



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## *Value-Added Agricultural Products Market Development (VAPG) Grants*

- *Purpose: To assist with marketing of value-added products.*
- *Eligible Recipients: Independent producers, agricultural produce group, farmer or rancher cooperative, or majority controlled producer-based business venture.*



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*Value-Added Agricultural Product  
Market Development Grants (VAPG) (Continued)*

*Funding Levels for FY 2006:*

*\$19.475 Million - Discretionary Funding*

*Funding Limitation: Maximum Planning \$100,000;  
Working Capital \$150,000.*



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## *VAPG “Best Practices” Kentucky*

- *\$500,000 Grant for initial working capital/Start-up Ethanol Facilities*
- *\$20 mgy capacity*
- *30 Jobs created*
- *Owned by 180 Farmers*



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# Rural Business Opportunity Grants (RBOG)

- *Eligibility: Public bodies, non-profits, Indian Tribes, and cooperatives*
- *Purposes: Technical assistance for business development and economic development planning.*

## *RBOG, “Best Practices”*

- *\$49,900 Grant to finance a feasibility study in Montana.*
- *Complex to include ethanol plant, controlled feed-lot and anaerobic digester.*

## *Rural Business Enterprise Grants (RBEGrants)*

- *Eligibility: Public bodies, private non-profits, and Indian Tribes.*
- *Purposes: Establish revolving loan programs, technical assistance, working capital loans, equipment, real estate, and refinancing.*

## *RBEG, “Best Practices”*

- *\$46,550 grant for a feasibility/marketing study.*
- *Development and marketing agriculture based engine oils.*

# *Rural Economic Development Loans & Grants (REDLG)*

- *Eligibility: RUS electric and telephone borrowers (not delinquent on any Federal debt or in bankruptcy proceeding) and certain electric utilities that have prepaid.*
- *Purposes: Revolving loan programs, community development, technical assistance, construction, capital improvements, purchase of machinery and equipment, and working capital.*

## *REDLG, “Best Practices”*

- *\$400,000 REDL to Iowa Electric Cooperative.*
- *Pass through loan to an LLC to assist financing of 40 mgy ethanol plant.*

*Operational in April 2004.*



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## *Business and Industry (B&I) Guaranteed Loan Program*

- *Eligibility: Individuals; corporations, cooperatives, partnerships, and other legal entities, public and private, organized and operated on a profit or nonprofit basis; and Federally recognized Indian tribal groups.*
- *Purposes: Loan proceeds may be used for working capital, machinery and equipment, buildings and real estate, and certain types of debt refinancing. The primary purpose is to create and maintain employment and improve the economic climate in rural communities.*



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## *BeLI “Best Practices”*

- *\$10 million loan guarantee.*
- *Refinancing/expansion of Wisconsin ethanol plant to 30 mgy.*
- *Saved 35 jobs.*
- *Created 4 jobs.*
- *Increased market price of local corn – 20 cents/bushel.*

# *Definition of Rural Area*

## *B&I, RBEG, RBOG*

*Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such city or town.*

## *REDLG*

*Any area not included within boundaries of any urban area as defined by the Bureau of the Census.*



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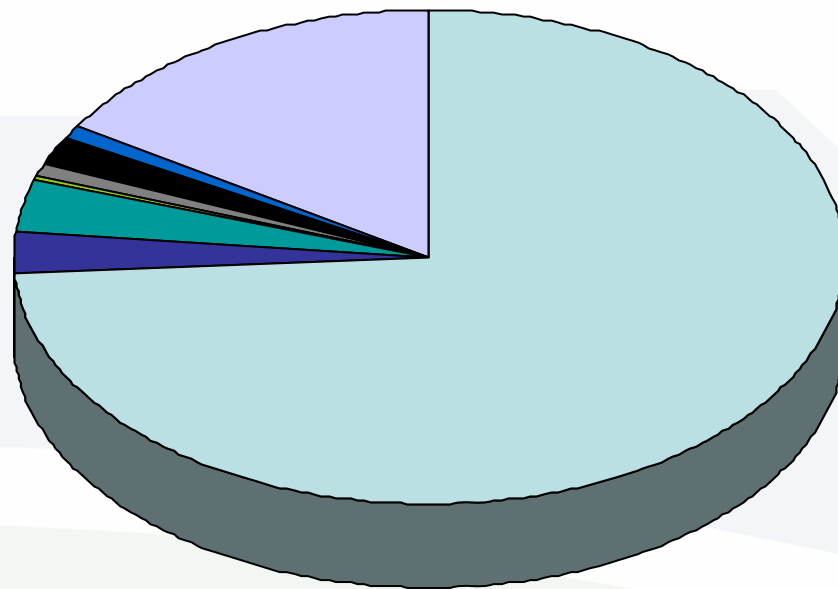
***RBS Programs  
Renewable Energy Activity FY 01 - 05  
Number and Dollar Amounts Awarded:***









Business and Industry Loan Guaranteed (B&I)	10	\$76.9M
Rural Business Enterprise Grant (RBEG )	19	1.18M
Rural Business Opportunity Grant (RBOG)	2	0.109M
Rural Economic Development Loan and Grant (REDLG)	5	1.955M
Value Added Producer Grants (VAPG)	114	20.5M
Section 9006 Energy	270	61.8M
Section 9006 Energy Guaranteed Loans	2	10.1M
<b>Totals</b>	<b><u>422</u></b>	<b><u>\$172.55M</u></b>



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# Fiscal Year 2006 Budget Business Programs Funding



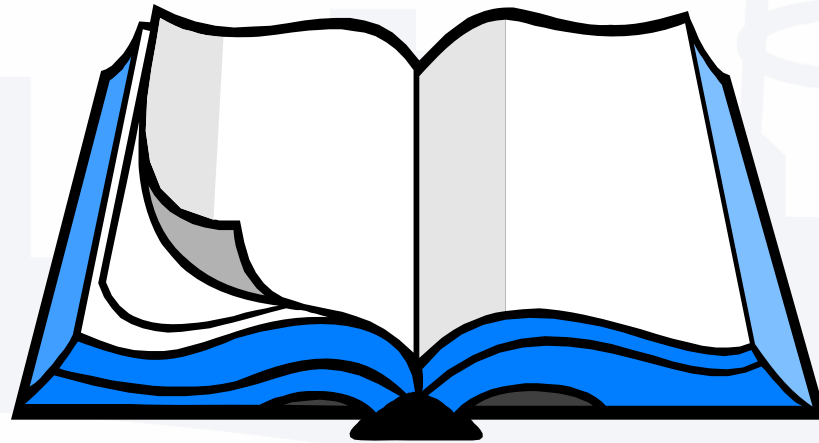
	<b>B&amp;I Guaranteed</b> <b>\$923,194,000</b>
	<b>IRP</b> <b>\$34,212,000</b>
	<b>RBEG</b> <b>40,031,000</b>
	<b>RBOG</b> <b>\$3,000,000</b>
	<b>REDG</b> <b>\$10,000,000</b>
	<b>REDL</b> <b>25,003,000</b>
	<b>Energy Grants</b> <b>11,500,000</b>
	<b>Energy Loans</b> <b>\$200,698,000</b>

# *Program Delivery*



- *National Office*
- *State Office*
- *Area / Local Offices*

# *How to Learn More About Business Programs*



*State Office, or  
[www.rurdev.usda.gov/rbs/busp/bpdir.htm](http://www.rurdev.usda.gov/rbs/busp/bpdir.htm)*



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**THE END**



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