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Infrastructure and Community Investment for Rural
Decarbonization and Economic Development



The Inflation Reduction Act of 2022

The Greatest Investment
In Rural Electrification
Since the New Deal!

Rural Development - Inflation Reduction Act

Rural Clean Energy Programs:

Rural Energy for America Program
(REAP)

Powering Affordable Clean Energy
(USDA PACE)

Empowering Rural America
(New ERA)

- Largest investment in rural electrification since 1936.
- Grant, loan, loan modification, and partial loan forgiveness programs to expand clean, affordable, and reliable energy.
- Reduced pollution, improved health, jobs, and lower energy costs for rural America.
- Once in a generation opportunity for economic development and to enhance the quality of life in rural communities.
- +Tax Credits

Unprecedented Funding Opportunities for Clean Energy Investments

- Historic moment for clean energy investments for rural communities
 - Solar is now the cheapest source of new energy – **can lower energy costs**
 - Distributed renewable systems **create resiliency and allow for energy independence**
 - **Meets a Need for additional sources of revenue:**
 - For example, average payments of \$4K-\$18K for land leasing/year
 - Tax credits – ITC and PTC

1. Direct support to individual farmers and rural small businesses through REAP: Rural Energy for America Program

Provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses for **renewable energy systems or to make energy efficiency improvements.**

Available Funding

- Grants can cover up to 50% of total eligible project costs (from 25% pre-IRA)
- Loan Guarantees on loans can cover up to 75% of total eligible project costs
- **Combined** grant and loan guarantee funding can cover up to 75% of total eligible project costs
 - Funds will be obligated across six quarterly cycles
 - Apply through your State Office today!



Renewable Energy Eligible Projects



Solar



Wind



Small Hydroelectric



Anaerobic Digesters



Biomass



Geothermal



Wave/Ocean Power

Funding for REAP Grants

Up to 50% in grants*
of Eligible Project Costs

 Renewable Energy Systems		 Energy Efficiency Improvements	
Minimum Grant Request	\$2,500	Minimum Grant Request	\$1,500
Maximum Grant Request	\$1,000,000	Maximum Grant Request	\$500,000

*maximum financing for loan/grant combo is 75% of eligible project cost

Example: Community Solar Project



Electric Cooperative

Community solar project

- \$784,792 Total Project Cost
- \$20,000 REAP Grant
- \$764,791 Applicant Contribution



Production of 443 mWh
annually

Example: Micro Hydropower



Rural Auto Repair Shop

11 kW micro-hydropower turbine

- \$78,511 Total Project Cost
- \$19,695 REAP Grant
- \$58,816 Applicant Contribution



51% reduction in energy costs

Example: Geothermal



Grocery Store

Geothermal heat, energy efficient coolers & lighting

- \$198,600 Total Project Cost
- \$49,650 REAP Grant
- \$148,950 Commercial Loan



40% reduction in energy costs

Example: Energy Efficiency Improvement (EEI)



Laundromat & Dry Cleaners

Washer & Dryer Replacement

- \$42,040 Total Project Cost
- \$10,510 REAP Grant
- \$31,531 Dealer Financing



52% energy savings, improved customer experience

2. Utility scale clean energy serving rural America Powering Affordable Clean Energy (PACE)

Program Goal: Increase clean energy in rural America and make it significantly more affordable for consumers, especially for energy, distressed, disadvantaged, and Tribal communities, to heat and cool their homes, run their businesses and farms, and power their cars, schools, and hospitals.

PARTIALLY FORGIVABLE LOANS for utility-scale clean energy projects – wind, solar, hydropower, biomass, geothermal – including energy storage projects in support of renewable technologies.



First Powering Affordable Clean Energy (PACE) Awards

- **Trico Electric Cooperative Inc.** - \$83.5 million to expand its battery energy storage system capacity and provide reliable electricity. This funding will help the cooperative reach its goal to cut its carbon emissions in half by 2032.
- **La Plata Electric Association** - \$13.4 million to save more than half a million dollars in annual energy costs and deliver affordable clean solar energy to its member owners. This includes people living in distressed, disadvantaged and [energy communities](#).
- **Kauai Island Utility Cooperative** - \$24.4 million to expand solar energy production and to reduce its reliance on fossil fuels during peak evening hours. This project will create jobs for people in the community, strengthen the local electric grid, increase resilience in the face of climate change.
- **Midwest Electric Cooperative Corporation** - \$17 million to finance solar renewable energy resource facilities and energy storage systems

3. Electric Cooperative wholesale transformation: Empowering Rural America (New ERA)

\$9.7 billion in budget authority for the long-term **resiliency, reliability, and affordability** of rural electric systems to achieve the **greatest reduction** in CO₂, methane, and nitrous oxide emissions.

Eligibility: Electric cooperatives that are or have been RUS or REA borrowers, cooperative entities serving a predominantly rural area, or wholly or jointly owned subsidiaries of such cooperatives.

Activities Supported

- Purchase of renewable energy
- Renewable energy systems
- Zero-emission systems
- Carbon capture and storage systems
- The deployment of such systems
- Energy efficiency improvements to generation & transmission systems of eligible entities
- Any combination of the above

Permitted Use of Funds

- Grants – maximum 25 percent of project cost
- Loans fixed at 2 percent or at a rate tied to the Federal government's cost of capital; and 0 percent for predominantly distressed, disadvantaged or energy communities
- Refinance debt for a stranded assets at 0 percent interest in certain instances
- Any combination of the above

Response to New ERA

For \$9.7 billion available from Congress, USDA received over \$47 billion in requested funding.

If all were funded, this would represent roughly \$100 billion investment in rural America.

Letters of Interest have been scored and ranked taking GHG reductions, geographic diversity and cost effectiveness into account.

First invitations to proceed to a full application are out. Expect first awards in September.

Direct Pay Tax Credits

What is Direct Pay? This non-competitive process allows entities exempt from income tax—such as nonprofits, state/local/Tribal governments, publicly owned utilities, **and rural electric cooperatives**—to claim the equivalent amount of tax credit in the form of a direct payment from the IRS (once a project is in service).

Up to 30% or more off the cost of your clean energy project.

12 tax credits total, and four relevant electric tax credits: 45 and 45Y – the clean electricity production tax credit; 48 and 48E – the clean electricity investment tax credit; 45U – the zero-emission nuclear power production credit; and 45Q credit for carbon oxide sequestration

Rural Energy Savings Program (RESP)

Offers 0% interest to utilities to relend to your customers at no more than 5% for energy efficiency measures including:

- Lighting

- HVAC

- Building envelope improvements

- On-grid/off-grid renewable energy

- Charging stations

- Even whole manufacture home replacements!

Essential elements: relending, on-bill financing repayment from consumer to utility, energy efficiency investment.

Charging Stations

- Continued strong interest in EV growth and charging stations.
- Infrastructure loans available for utility owned EV charging stations.
- Infrastructure loans available to heavy up your power lines to serve charging stations.
- Smart Grid financing available to provide data connections to charging stations.
- Infrastructure loans are available for electric work vehicles (but not executive cars).
- Ratepayer (residential, business, education, government, industrial) owned charging stations are eligible Rural Energy Savings Program.

Questions?



Thank you !



USDA is an equal opportunity provider, employer, and lender.