



USDA Assistance for Anaerobic Digesters

February 2011

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Grants, loan guarantees, and financial assistance awarded by the U.S. Department of Agriculture (USDA), through the Farm Bill, have been one of the primary methods used to help fund the installation of commercially-proven livestock waste anaerobic digester systems on U.S. farms. The principal USDA programs offering assistance to anaerobic digester systems are briefly explained in this brochure. Contact details for more information are also provided.

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Rural Development (RD)

Energy Programs

For more information on RD energy programs, visit <http://www.rurdev.usda.gov/energy.html>

The Rural Energy for America Program (REAP)

The Rural Energy for America Program (REAP) is an amended and expanded program from the original 2002 Farm Bill program called the Renewable Energy Systems and Energy Efficiency Improvements Program. Under the 2008 Farm Bill there are three separate purposes that can be funded under the REAP: the Energy Audit and Renewable Energy Development Assistance Grant, the Renewable Energy Feasibility Study Grant, and the Facility Assistance.

- The REAP **Energy Audit and Renewable Energy Development Assistance** is for units of State, tribal, or local government; instrumentality of a State, tribal, or local government; institutions of higher education; rural electric cooperatives; or a public power entity. The program is designed to assist farmers, ranchers, and rural small businesses with evaluating their operations energy efficiency and evaluating renewable energy technologies and resources that can be incorporated into the operation. The maximum grant to an entity is \$100,000 in a single fiscal year.
- The REAP **Renewable Energy Feasibility Study Grant** will provide a grant to an agricultural producers or rural small business to conduct a feasibility study for a renewable energy system. Feasibility studies can be completed for renewable energy systems which provide energy from: wind, solar, renewable biomass (including anaerobic digesters), small hydro-power (ocean and hydro-electric) or geothermal or hydrogen derived from these renewable resources. The maximum grant in a single fiscal year for a renewable energy feasibility study grant is \$50,000 or 25 percent of the cost of the study, whichever is less.
- The REAP **Renewable Energy Systems and Energy Efficient Improvement Assistance** will provide grants and guaranteed loans to agricultural producers and rural small businesses to purchase and install renewable energy systems and make energy efficiency improvements to their operations. Eligible renewable energy systems which provide energy from: wind, solar, renewable biomass (including anaerobic digesters), small hydro-power (ocean and hydro-electric) or geothermal or hydrogen derived from these renewable resources. The grants are awarded on a competitive basis and can be up to 25% of total eligible project costs. Grants are limited to \$500,000 for renewable energy systems and \$250,000 for energy efficiency improvements. Grant requests as low as \$2,500 for renewable energy systems and \$1,500 for energy efficiency improvements will be considered. At least 20% of the grant funds awarded must be for grants of \$20,000 or less. Guaranteed Loans can be for up to 75% of the project's cost with a minimum loan of \$5,000 and a maximum loan of \$25 million.

For more information: Visit www.rurdev.usda.gov/rbs/busp/9006grant.htm or contact your state Rural Development Office, which is listed at www.rurdev.usda.gov/recd_map.html.

Business and Industry Guaranteed Loans (B&I)

The purpose of the B&I Guaranteed Loan Program is to improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits. It is not intended that the guarantee authority will be used for marginal or substandard loans or for relief of lenders having such loans.

For more information: Visit <http://www.rurdev.usda.gov/BCPgar.html>. A step by step guide is available at: <http://www.rurdev.usda.gov/rbs/RDWebsite/index.html>

Cooperative Programs

Technical Assistance

Cooperative Programs could assist producers and/or existing cooperatives with advice and technical assistance on a group effort to facilitate the adoption of anaerobic digesters. The technical assistance could be in the form of producer surveys, feasibility analysis, drafting of by-laws and articles of incorporation, education materials, director training, and so forth.

Producers and/or their cooperatives wishing to request Technical Assistance should contact:

- a) their state's rural development office: <http://www.rurdev.usda.gov/StateOfficeAddresses.html>,
- b) the national office: <http://www.rurdev.usda.gov/rbs/coops/cswhat.htm#Technical>, or,
- c) the cooperative development center in their region.

For more information: Contact John Wells (202-720-3951, john.wells@wdc.usda.gov) or Bill Brockhouse (202-720-2021, bill.brockhouse@wdc.usda.gov)

Value Added Producer Grant (VAPG)

The Value-Added Producer Grant (VAPG) Program provides grant funding to agricultural producers to enable economic planning and working capital activities directly related to the processing and/or marketing of value-added agricultural products, including farm-based renewable energy generated from an agricultural commodity or by-product (e.g. an anaerobic digester). Planning grants of up to \$100,000 per project are available for various feasibility analyses, including utility interconnection, composition of optimum feedstock, market and environmental surveys, as well as business operations planning and legal or other consultant costs for preparatory work such as permits, regulatory compliance matters, or legal review of proposed power purchase agreements. Working capital grants are capped at \$300,000 per project and may be used for items such as utility interconnection fees, fuel to heat the digester at start-up, costs for labor to do daily maintenance of system, monthly fees for communication lines to the utility or engineering firm for monitoring by remote telemetry, utility costs to operate the system, and purchase of feasibility identified co-feed materials up to a maximum 49 percent during the grant period. Working capital applicants need to have completed both a business plan and an independent feasibility study on their projects to be eligible, with limited exception. Applicants may not request funds for both planning activities and working capital expenses in one application. Cost share matching funds must equal or exceed the grant amount requested. VAPG is a nationally competitive program without State allocations, and the demand for program funds annually exceeds the amount available. In FY2010, \$22.45 million VAPG funds were awarded to various project types across the country.

Recent rules changes to the program are designed to increase access for farmers and ranchers to utilize the program and expand job creation. These rules are expected to be published in the Federal Register the month of February 2011.

For more information: Visit www.rurdev.usda.gov/rbs/coops/vadg.htm, or contact your state Rural Development Office, which is listed at www.rurdev.usda.gov/recd_map.html, or contact Lyn Millhiser at 202-720-1227.

Rural Utilities Services (RUS)

Electric Loan Program

Providing reliable, affordable electricity is essential to the economic well-being and quality of life for all of the nation's rural residents. The Electric Programs provide leadership and capital to upgrade, expand, maintain, and replace America's vast rural electric infrastructure. Under the authority of the Rural Electrification Act of 1936, the Electric Programs make direct loans and loan guarantees to electric utilities to serve customers in rural areas.

The loans and loan guarantees finance the construction of electric distribution, transmission, and generation facilities, including system improvements and replacement required to furnish and improve electric service in rural areas, as well as demand side management, energy conservation programs, and on-grid and off-grid renewable energy systems. Loans are made to corporations, states, territories and subdivisions and agencies such as municipalities, people's utility districts, and cooperative, nonprofit, limited-dividend, or mutual associations that provide retail electric service needs to rural areas or supply the power needs of distribution borrowers in rural areas.

For more information: Visit <http://www.usda.gov/rus/electric>.

Natural Resources Conservation Service (NRCS)

Visit the Programs Web site to stay informed about program updates, deadlines, initiatives, and signups. <http://www.nrcs.usda.gov/programs/>

Environmental Quality Incentives Program (EQIP)

Environmental Quality Incentives Program (EQIP) offers financial and technical help to assist eligible participants install or implement structural and management practices to improve environmental quality on agricultural lands. NRCS State Conservationists have discretion over the allocation of the funding within their state. Workgroups, convened by the local Soil and Water Conservation Districts, identify the specific resource concerns they feel need to be addressed in the state, set priority area goals, select conservation practices, establish ranking criteria for evaluating applications, and assist NRCS in setting a schedule for approving applications.

EQIP offers contracts with a minimum term that ends one year after the implementation of the last scheduled practice(s), and a maximum term of 10 years. These contracts provide financial assistance to help develop conservation plans and implement conservation practices. Owners of land in agricultural production or persons who are engaged in livestock or agricultural production on eligible land may participate in the EQIP program. Program practices and activities are carried out according to an EQIP plan of operations developed in conjunction with the producer that identifies the appropriate conservation practice or measures needed to address identified natural resource concerns. The practices are subject to NRCS technical standards adapted for local conditions.

EQIP may provide payments up to 75 percent of the estimated incurred costs and income foregone of certain conservation practices and conservation activity plans (CAP).

Historically underserved producers (limited resource farmers/ranchers, beginning farmers/ranchers, socially disadvantaged producers, Tribes) may be eligible for payments up to 90 percent of the

estimated incurred costs and income foregone. Farmers and ranchers may elect to use a certified Technical Service Provider (TSP) for technical assistance needed for certain eligible activities, services and the development of conservation activity plans.

The 2008 Farm Bill established a new payment limitation for individuals or legal entity participants who may not receive, directly or indirectly, payments that, in the aggregate, exceed \$300,000 for all program contracts entered during any six year period. Project applications determined as having special environmental significance (such as anaerobic digesters) may, with approval of the NRCS Chief, have the payment limitation raised to a maximum of \$450,000.

For more information: Visit www.nrcs.usda.gov/programs/eqip or contact your USDA service office, which is listed at <http://offices.sc.egov.usda.gov/locator/app>.

Conservation Innovation Grants (CIG)

Conservation Innovation Grants (CIG) is a voluntary program intended to stimulate the development and adoption of innovative conservation approaches and technologies while leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production. CIG was authorized as part of EQIP. CIG is not a research program but rather a tool to stimulate the adoption of conservation approaches or technologies that have been studied sufficiently to indicate a high likelihood of success, and are likely candidates for eventual technology transfer. CIG funds projects targeting innovative on-the-ground conservation, including pilot projects and field demonstrations. CIG funds pilot projects and conservation field trials that can last from one to three years. Grants for approved projects cannot exceed 50 percent of the total project cost and the Federal contribution for a single project cannot exceed \$1 million. Technologies and approaches that are commonly used in the project's geographic area, and which are eligible for funding through EQIP, are not eligible for funding through CIG.

For more information: <http://www.nrcs.usda.gov/programs/cig> or contact your USDA service office, which is listed at <http://offices.sc.egov.usda.gov/locator/app>.

Farm Service Agency (FSA)

Conservation Loan (CL) program

Provides farm owners and farm-related business operators access to credit to implement conservation techniques that will conserve natural resources. CL funds can be used to implement conservation practices approved by the Natural Resources Conservation Service (NRCS) including implementation of manure management and manure digester systems and the adaptation of other emerging or existing conservation practices, techniques or technologies.

Direct CLs can be obtained through local Farm Service Agency (FSA) offices, with loan limits up to \$300,000. Guaranteed CLs are available from lenders working with FSA, with loan a loan limit up to \$1,119,000 in 2011 (varies annually).

For more information: Contact a local FSA office or visit the FSA website at www.fsa.usda.gov.

National Institute of Food and Agriculture (NIFA)

Sustainable Agriculture Research and Education (SARE)

The USDA NIFA (formerly CSREES) sponsors this grant program with the goal of assisting farmers in adopting sustainable agricultural practices to improve profits, protect the environment, and enhance quality of life. Grants are available in the following areas:

- **Research and Education Grants** typically range from \$100,000 to \$300,000 to fund projects that usually involve scientists, producers, and others in an interdisciplinary approach.
- **Professional Development Grants** are designed to educate Extension staff and other agriculture professionals about sustainable concepts and practices.
- **Producer Grants** target funding between \$1,000 and \$15,000 to support farmers and ranchers in conducting research and undertaking marketing and demonstration projects, and to share results.
- Regional Sustainable Agriculture Research and Education (SARE) programs may offer other types of grants.

For more information: Visit <http://sare.org/grants> or contact your regional SARE office, which is listed at <http://sare.org/about/regions.htm>.

Farm Pilot Project Coordination, Inc. (FPPC)

Farm Pilot Project Coordination, Inc. (FPPC), a non-profit organization, was designated by Congress (Public Law 107-76) to assist in implementing innovative treatment technologies to address the growing waste issues associated with animal feeding operations (AFOs). FPPC's objective is to foster the conservation, development, and wise use of land, water, and related resources, while providing AFOs with opportunities for profitable operation.

FPPC's specific mandate is to oversee the implementation and administration of a Pilot Project Program to demonstrate economically viable innovative treatment technology systems that reduce the nutrient content of the waste stream from AFOs by 75 percent or greater. Funding for approved Pilot Projects comes from monies appropriated by Congress and overseen by the Natural Resources Conservation Service (NRCS).

For more information: Visit <http://www.fppcinc.org/>.

Additional listings of federal, state, and private financial incentives are available in AgSTAR's ***Funding On-Farm Biogas Recovery Systems: A Guide to Federal and State Resources***, which is available at <http://epa.gov/agstar/tools/funding/index.html>