

WSGR ALERT

JANUARY 2012

APPLICATIONS NOW BEING ACCEPTED FOR KEY USDA RENEWABLE ENERGY AND ENERGY EFFICIENCY PROGRAM

On Friday, January 20, 2012, the United States Department of Agriculture (USDA) announced that it will begin accepting new applications for grants and loans under the Rural Energy for America Program (REAP).¹ Authorized by Section 9007 of the Food, Conservation and Energy Act of 2008 (the Farm Bill), REAP provides funding for agricultural producers and rural small businesses to purchase and install renewable energy systems and implement energy efficiency improvements.

Created in 2008, REAP has been a unique addition to the Farm Bill's energy title, particularly with respect to advancing the deployment of renewable energy and energy efficiency technology. In fiscal year 2011, REAP provided \$23.2 million for energy efficiency projects, \$20.9 million for biodigesters, \$20.3 million for solar energy projects, \$8.2 million for hydroelectric systems, \$7 million for biomass energy projects, \$4.28 million for flexible fuel pump projects, \$3.9 million for wind energy projects, and \$1.4 million for geothermal installations.

REAP provides grants, loans, and combination grant-loan awards on a competitive basis. The scope of energy-related projects that REAP can support is also fairly broad, from energy audits and energy technology feasibility studies to energy project development and installations. In 2012, USDA has approximately \$25.4 million of budget authority to fund REAP activities. The agency

is expected to provide at least \$12.5 million in grant awards and up to \$48.5 million in guaranteed loan awards. The program application deadlines vary by type of award, as follows:

- Grant applications for energy audits or renewable energy development assistance – due February 21, 2012
- Grant applications for renewable energy system feasibility studies – due March 30, 2012
- Grant applications for renewable energy systems or energy efficiency improvements – due March 30, 2012
- Combination grant and guaranteed loan applications for renewable energy systems or energy efficiency improvements – due March 30, 2012
- Loan applications for renewable energy systems or energy efficiency improvements – due June 29, 2012

With more limited funds available this year than in prior years due to budget cuts, USDA will be selective in funding projects under REAP. In prior years, the allocated funding for feasibility study grants was not fully expended, indicating that these grants are less competitive and therefore present an attractive option to pursue. In addition, applications that leverage private capital and contribute to economic growth will continue to score well, and those that effectively

communicate project benefits in the context of other rural development initiatives will be well positioned to receive funding.

Wilson Sonsini Goodrich & Rosati's government initiatives team members have experience preparing these applications and advising companies on strategies for successfully differentiating their projects and improving their likelihood of success. For more information, please contact Taite McDonald (tmcDonald@wsgr.com), Sara Hochman (shochman@wsgr.com), or Chris Groobey (cgroobey@wsgr.com).



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¹ For more information, please see the USDA press release, available at http://www.usda.gov/wps/portal/usda/usdahome?contentid=2012/01/0019.xml&navid=NEWS_RELEASE&navtype=RT&parentnav=LATEST_RELEASES&edeployment_action=retrievecontent.