



Funding Programs for Developing Anaerobic Digestion Systems



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U.S. Department of Agriculture

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 for farms to partially fund the installation of commercially proven livestock waste anaerobic digestion systems. Since 2003, USDA Rural Development has awarded more than \$40 million for anaerobic digestion systems through the Section 9006 and Section 9007 Rural Energy for America Program (REAP). Additional funding awards to digesters have been made through the Environmental Quality Incentives Program, Conservation Innovation Grants, Value Added Producer Grants, and other sources.

Rural Development

More information about energy programs is available at www.rurdev.usda.gov/energy.html.

Business and Cooperative Services

Rural Energy for America Program Feasibility Study Grants

USDA offers REAP Feasibility Study grants to provide financial assistance for identifying cost-effective opportunities for renewable energy measures by agricultural producers and rural small businesses. The grant request may not exceed 25 percent of eligible project costs or \$50,000, whichever is less. The State Energy Coordinator is the point of contact.

For more information, visit www.rurdev.usda.gov/rbs/buspr/reapfeas.htm.

Section 9007 REAP Grants and Loans

The REAP Guaranteed Loan Program encourages the commercial financing of renewable energy projects. Under the program, project developers work with lenders, who apply to USDA Rural Development for a loan guarantee up to \$25 million or 75 percent of total eligible project costs, whichever is less. More information can be found at www.rurdev.usda.gov/BCP_ReapLoans.html.

The REAP Grant Program provides grants for renewable energy development assistance. It provides funds to agricultural producers and rural small businesses to purchase and install renewable energy systems. The grants are awarded on a competitive basis and can be up to

25 percent of total eligible project costs. The maximum dollar amounts vary depending on purpose. Grants for renewable energy systems are limited to \$500,000.

For more information, visit www.rurdev.usda.gov/rbs/buspr/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

The purpose of the Business and Industry 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 that 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.

More information can be found at www.rurdev.usda.gov/rbs/buspr/b&i_gar.htm.

Advanced Biofuel Payment Program

The Advanced Biofuel Payment Program was authorized under Section 9005 of the Farm Bill. The program provides payments to eligible producers to expand production of advanced biofuels. Payments will be made to eligible biofuel producers for the production of fuel derived from renewable biomass, other than corn kernel starch, which includes biofuel derived from waste materials such as animal waste, crop residue, other vegetative waste material, food waste, and yard waste.

More information can be found at www.rurdev.usda.gov/BCP_Biofuels.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 state's rural development office at www.rurdev.usda.gov/stateofficeaddresses.html.
- The national office: John Wells (202-720-3951, john.wells@wdc.usda.gov) or Bill Brockhouse (202-720-2021, bill.brockhouse@wdc.usda.gov).
- The cooperative development center in their region.

Value Added Producer Grants

Value Added Producer Grants (VAPGs) provide 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 such as an anaerobic digester. Applicants may not request funds for both planning activities and working capital expenses in one application. Eligible applicants include independent producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures. Planning grants of up to \$100,000 per project are available and working capital grants are capped at \$300,000 per project. A cost share of at least 50 percent is required. Working capital applicants need to have completed both a business plan and an independent feasibility study on their projects to be eligible. Cost-share matching funds must equal or exceed the grant amount requested.

For more information, visit: www.rurdev.usda.gov/BCP_VAPG_Grants.html or contact your state Rural Development Office, which is listed at www.rurdev.usda.gov/recd_map.html.

Rural Utilities Services

Electric Programs

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, non-profit, 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.

More information can be found at www.rurdev.usda.gov/UEP_Homepage.html.

Farm Service Agency

Conservation Loan Program

The 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 manure management systems, anaerobic digesters, and other emerging or existing conservation practices, techniques, or technologies.

Guaranteed CLs up to \$1,214,000 are available from lenders working with the Farm Service Agency (FSA). These limits vary annually.

For more information on the CL Program, contact a local FSA office or visit the FSA website at www.fsa.usda.gov.

Biomass Crop Assistance Program

Biomass Crop Assistance Program (BCAP) provides assistance to support the production of eligible biomass crops on land within approved areas. In exchange for growing eligible crops, FSA will provide annual and establishment payments. FSA will also provide matching payments to eligible material owners at a rate of \$1 for each \$1 per dry ton paid by a qualified biomass conversion facility up to \$45 per dry ton delivered to the biomass conversion facility. Matching payments are available for no more than two years per participant. Certain materials used as substrates in digester systems may be eligible for BCAP funding.

For more information, visit www.fsa.usda.gov/bcap.

Natural Resources Conservation Service

Visit the NRCS website to stay informed about program updates, deadlines, initiatives, and signups: www.nrcs.usda.gov/programs.

Environmental Quality Incentives Program

The Environmental Quality Incentives Program (EQIP) offers

financial and technical assistance to help eligible participants install or implement structural and management practices that will improve environmental quality on agricultural lands. State conservationists have discretion over the allocation of the funding within their areas. Workgroups, convened by the local Soil and Water Conservation Districts, identify the specific resource concerns to be addressed, set priority area goals, select cost-share practices, establish ranking criteria for evaluating applications, and set their own schedule for approving applications.

EQIP offers contracts with 1 to 10 year terms that provide financial assistance to implement conservation practices. EQIP may share up to 75 percent of the costs of certain conservation practices. Limited resource producers and beginning farmers and ranchers may be eligible for financial assistance up to 90 percent. Farmers and ranchers may elect to use a certified third-party provider for technical assistance. An individual or entity may not receive, directly or indirectly, financial assistance payments that, in the aggregate, exceed \$300,000 for all EQIP contracts entered during the term of the 2008 Farm Bill. However, the NRCS Chief has made an exception for anaerobic digesters and is allowing producers pursuing digesters to receive financial assistance payments up to \$450,000.

For more information, visit www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/eqip or contact your USDA service office, which is listed at offices.sc.egov.usda.gov/locator/app.

Conservation Innovation Grants

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 will fund 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 may not exceed 50 percent of the total project cost and the federal contribution for a single project may not exceed \$1 million. Technologies and approaches that are commonly used in the project's geographic area and that are eligible for funding through EQIP are not eligible for funding through CIG.

For more information, visit www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/financial/cig or contact your USDA service office, which is listed at offices.sc.egov.usda.gov/locator/app.

National Institute of Food and Agriculture

Sustainable Agriculture Research and Education Funding Opportunities

This grant program seeks to help farmers adopt 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 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, 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 sare.org/grants or contact your regional SARE office, which is listed at sare.org/about/regions.htm.

U.S. Department of the Treasury

Section 1603 Cash Grant for Renewable Energy

Administered by the Department of the Treasury, Section 1603 of the American Recovery and Reinvestment Act of 2009 created a grant program for taxpayers eligible for the business energy investment tax credit. A facility owner can choose to receive a one-time grant equal to 30 percent of the construction and installation costs for the facility, as long as the facility is depreciable or amortizable. Eligible projects include anaerobic digesters. The facility must be placed in service in 2009, 2010, or 2011 or construction must begin in any of those years and be completed before the end of 2014. The grant application deadline is September 30, 2012.

For more information, visit www.treasury.gov/initiatives/recovery/pages/1603.aspx.

Additional listings of incentives are available at www.epa.gov/agstar/tools/funding.