



## **USDA Farm Bill Section 9006 Update**

Thursday, November 6, 2003

On April 8, 2003, the U.S. Department of Agriculture (USDA) announced the availability of \$23 million in funds for fiscal year 2003 to assist farmers, ranchers, and rural businesses to purchase renewable energy systems and make energy efficiency improvements. The funds are the result of Section 9006 of the 2002 Farm Bill, which provided \$23 million in FY 2003 for wind, solar, biomass, geothermal, hydrogen from renewables, and energy efficiency projects.

### **Who is eligible for the funding?**

An agricultural producer or rural small business that owns and controls the operation may be eligible for funding. The funding request must not exceed 25% of the eligible project costs for grant requests and must not exceed 50% for combinations of grants and loans. Grant funding requires that the applicant demonstrate financial need. The funds cannot be used for research, development, land acquisition, or crop production.

### **What types of projects are eligible for funding?**

Eligible projects include systems that generate energy from wind, solar, biomass, or geothermal source or that produce hydrogen derived from biomass or water using a renewable energy source. Eligible projects also include energy efficiency improvement projects. In 2003, a total of \$21.7 million in grant money was distributed to 114 projects in 24 states.

### **How can I apply?**

For fiscal year 2004, a Federal regulation is being promulgated that outlines how the USDA will adhere to the requirements of Section 9006. This proposed regulation will be released in the Fall of 2003 and will be available for public comment for 60 days. The proposed regulation will cover grant, loan, and loan guarantee requirements. The respective amount of funds to be apportioned to grants, loans, and loan guarantees are to be determined.

All parties interested in pursuing the funding opportunities available under the Renewable Energy Systems and Energy Efficiency Improvements Programs should work with rural energy coordinators at the respective USDA State Rural Development Offices to prepare and submit applications once the final rule is published and funds are available.

Interested parties should also contact these rural energy coordinators to learn when the proposed regulation will be made available for public comment and when funds will be available for FY 04. A list of these rural energy coordinators can be found by visiting <http://www.rurdev.usda.gov/rbs/farmbill/contacts.htm>. Further information can also be found at <http://www.rurdev.usda.gov/rbs/farmbill/resourc.htm>.