

SUMMARY OF THE FARM BILL AMENDMENT OFFERED TO THE ENERGY TITLE BY MS. HERSETH SANDLIN OF SOUTH DAKOTA

The current § 9006 program allows farmers, ranchers, and rural small businesses to apply for grants or loans to purchase renewable energy systems and/or make energy efficiency improvements in their farms or businesses.

The Herseth Sandlin amendment would:

- Keep the 15% carve-out in the chairman's mark for small (>\$50k) projects;
- Rename the Program the Rural Energy for America Program (REAP);
- ~~Broaden the eligibility of REAP to include rural school districts;~~
- Broaden the covered activities to include the production and sale of electricity generated by renewable electricity systems;
- Give preference to applicants that are able to leverage larger amounts of non-federal dollars;
- Increase the maximum amount of loan guarantees for most projects to \$25 million;
- ~~Increase the maximum amount of loan guarantees for projects producing renewable fuels from cellulosic biomass to \$100 million;~~
- Allow up to 10 percent of the program's funds authorized to be used for feasibility studies; and
- ~~Allow the following non-federal entities to administer REAP grants of up to \$10,000:~~
 - ~~State energy or agriculture offices;~~
 - ~~Nonprofit State-based energy efficiency or renewable energy organizations that use public funds provided directly by or under contract with a State agency;~~
 - ~~Other nonprofit organizations with a demonstrated ability to administer a Statewide energy efficiency or renewable energy rebate program; or~~
 - ~~A consortium of any of these entities.~~

It also would increase the overall funding authority for the program. Under the current Farm Bill, § 9006 was authorized at \$23 million per year through 2007. This bill would increase REAP funding as follows:

- \$50,000,000 for fiscal year 2008;
- \$75,000,000 for fiscal year 2009;
- \$100,000,000 for fiscal year 2010;
- \$125,000,000 for fiscal year 2011; and
- \$150,000,000 for fiscal year 2012.

These funding amounts are consistent with the amounts found in the Chairman's mark so it does not increase the cost of the program.

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`(B) LOAN GUARANTEES- Subject to subparagraph (C)--
 `(i) the maximum amount of a loan guaranteed to any
eligible entity under this section shall be \$25,000,000,
~~except that the maximum amount of a loan guaranteed~~
~~to an eligible entity for a facility that produces~~
~~renewable fuels derived from cellulosic biomass shall~~
~~be \$100,000,000; and~~
 `(ii) a loan guaranteed under this section shall not
exceed 70 percent of the total loan value.'; and
(B) in paragraph (2)--
 (i) by striking `and' at the end of subparagraph (F); and
 (ii) by redesignating subparagraph (G) as subparagraph
(H) and inserting after subparagraph (F) the following:
 `(G) in the case of a grant, the extent to which the amount
requested by the applicant is less than 25 percent of the cost
of the activity to be funded under subsection (a); and'.
(5) by striking subsection (f);
(6) by redesignating subsection (e) as subsection (g);
(7) by inserting after subsection (d) the following:
 `(e) Feasibility Studies-
 `(1) IN GENERAL- The Secretary may provide assistance to eligible
applicants to conduct feasibility studies of projects for which
assistance may be provided under this section.
 `(2) LIMITATION- The Secretary shall use not more than 10
percent of the funds made available to carry out this section to
provide assistance described in paragraph (1).
 `(3) CRITERIA- The Secretary shall, by regulation, establish criteria
for the receipt of assistance under this subsection.

1 ` (4) AVOIDANCE OF DUPLICATIVE ASSISTANCE- An
2 applicant that receives assistance to carry out a feasibility study for a
3 project under this subsection shall not be eligible for assistance to
4 carry out a feasibility study for the project under any other provision
5 of Federal law.

6 ` ~~(5) MATCHING FUNDS- A recipient of funds under this~~
7 ~~subsection shall contribute an amount of non-Federal funds that is at~~
8 ~~least equal to 75 percent of the amount of Federal funds received.~~

9 ` ~~(f) Rebate Program-~~

10 ` ~~(1) IN GENERAL- The Secretary shall make competitive grants to~~
11 ~~eligible entities to provide rebates for farmers, ranchers, rural school~~
12 ~~districts, and rural small businesses to purchase renewable energy~~
13 ~~systems and make energy efficiency improvements.~~

14 ` ~~(2) ELIGIBLE ENTITIES- To be eligible to receive a grant under~~
15 ~~paragraph (1), an entity shall be-~~

16 ` ~~(A) a State energy or agriculture office;~~

17 ` ~~(B) a nonprofit State-based energy efficiency or renewable~~
18 ~~energy organization that uses public funds provided directly~~
19 ~~or under contract with a State agency;~~

20 ` ~~(C) any other nonprofit organization with a demonstrated~~
21 ~~ability to administer a State-wide energy efficiency or~~
22 ~~renewable energy rebate program; or~~

23 ` ~~(D) a consortium of entities described in subparagraphs (A)~~
24 ~~through (C).~~

25 ` ~~(3) MERIT REVIEW-~~

26 ` ~~(A) IN GENERAL- The Secretary shall establish a merit~~
27 ~~review process to review applications for grants under~~
28 ~~paragraph (1) that uses the expertise of the Department of-~~

1 Agriculture, other Federal and State agencies, and non-
2 governmental organizations.

3 ~~“(B) REQUIREMENTS- In reviewing the application of an~~
4 ~~eligible entity to receive a grant under paragraph (1), the~~
5 ~~Secretary shall consider-~~

6 ~~“(i) the experience and expertise of the entity in~~
7 ~~establishing and administering a statewide clean-~~
8 ~~energy rebate program;~~

9 ~~“(ii) the annual projected energy savings or production~~
10 ~~increases resulting from the proposed program;~~

11 ~~“(iii) the environmental benefits resulting from the~~
12 ~~proposed program; and~~

13 ~~“(iv) other appropriate factors, as determined by the~~
14 ~~Secretary.~~

15 ~~“(4) MAINTENANCE OF EFFORT- An entity that receives a grant~~
16 ~~under paragraph (1) shall provide assurances to the Secretary that~~
17 ~~funds provided to the entity under this subsection will be used to~~
18 ~~supplement, not to supplant, the amount of Federal, State, and local~~
19 ~~funds otherwise expended for rebate programs.~~

20 ~~“(5) REBATE AMOUNT- The amount of a rebate provided from a~~
21 ~~grant under this subsection shall not exceed the lesser of-~~

22 ~~“(A) \$10,000, or~~

23 ~~“(B) 50 percent of the cost incurred to purchase a renewable,~~
24 ~~energy system or an energy efficiency improvement.”; and~~

25 (8) by adding at the end the following:

26 (h) Funding-

27 (1) Of the funds of the Commodity Credit Corporation, the
28 Secretary shall make available to carry out this section--

29 (A) \$50,000,000 for fiscal year 2008;

- 1 ` (B) \$75,000,000 for fiscal year 2009;
- 2 ` (C) \$100,000,000 for fiscal year 2010;
- 3 ` (D) \$125,000,000 for fiscal year 2011; and
- 4 ` (E) \$150,000,000 for fiscal year 2012,

5 Except that such amount for a fiscal year is contingent on changes in
6 law that meet the requirement of section 307 of Senate Con. Res. 21
7 of the 110th Congress (the Concurrent Resolution on the Budget for
8 Fiscal Year 2008).

9 ‘(2) AUTHORIZATION OF APPROPRIATIONS. – If the changes in law
10 referred to in paragraph (1) do not occur, there are authorized to be
11 appropriated to carry out this section –

- 12 ` (A) \$50,000,000 for fiscal year 2008;
- 13 ` (B) \$75,000,000 for fiscal year 2009;
- 14 ` (C) \$100,000,000 for fiscal year 2010;
- 15 ` (D) \$125,000,000 for fiscal year 2011; and
- 16 ` (E) \$150,000,000 for fiscal year 2012.’

17 ~~‘(3) The Secretary shall use not less than 50 percent of the funds~~
18 ~~made available to carry out this section to make grants and to~~
19 ~~implement the rebate program described in subsection (f).’~~

20 ‘(4) SMALL PROJECTS – The Secretary shall use not less than 15
21 percent of the funds available under this section to provide grants for
22 projects that have a total cost of \$50,000 or less.’”