Notes/Slides from 5/17 USDA Webinar – Investing in Rural America

Christopher McClean opened Webinar

Clare Sierawski provided the Overview, as follows:

- 4 webinars next week. More interactive.

  Details and information on the webinars, including registration links, will be available on RD’s IRA website at [https://www.rd.usda.gov/inflation-reduction-act](https://www.rd.usda.gov/inflation-reduction-act).
  Additional webinars are planned and will be announced in the future.


- Today is really about making sure we’ve given you an overview of what this is, as you dive into the details.
- And now... for the once in a generation opportunity!
Rural Utilities Service - Inflation Reduction Act

Two New Programs:

Powering Affordable Clean Energy (PACE)
IRA Section 22001

Empowering Rural America (New ERA)
IRA Section 22004

- Largest investment in rural electrification since 1936.
- **BRAND NEW** grant, loan, loan modification, and partial loan forgiveness programs to expand clean, affordable, and reliable energy.
- Reduced pollution, improved health, and lower energy costs for rural America.
- Once in a generation opportunity for economic development and to enhance the quality of life in rural communities.

Powering Affordable Clean Energy (PACE)
Program Overview

**Program Goal:** Increase clean energy in rural America and make it significantly more affordable for consumers, especially for energy, distressed, disadvantaged, and Tribal communities, to heat and cool their homes, run their businesses and farms, and power their cars, schools, and hospitals.

**PARTIALLY FORGIVABLE LOANS** for utility-scale clean energy projects – wind, solar, hydropower, biomass, geothermal – including energy storage projects in support of renewable technologies.

**Proposed Timeline/Process:** (2 stage process)

a) Electronic submission of Letter of Interest – **open June 30, 2023 through September 29, 2023**

b) LOIs accepted on a rolling basis and evaluated as received

c) If invited by the Agency, applicant submits full application
This is a competitive program – Greatest reductions in GHG

*Interconnection costs are eligible, too... Under ERA and PACE
Empowering Rural America (New ERA)

Program Overview

$9.7 billion in budget authority for the long-term resiliency, reliability, and affordability of rural electric systems to achieve the greatest reduction in CO2, methane, and nitrous oxide emissions.

**Eligibility:** Electric cooperatives that are or have been RUS or REA borrowers, cooperative entities serving a predominantly rural area, or wholly or jointly owned subsidiaries of such cooperatives.

### Activities Supported
- Purchase of renewable energy
- Renewable energy systems
- Zero-emission systems
- Carbon capture and storage systems
- The deployment of such systems
- Energy efficiency improvements to generation & transmission systems of eligible entities
- Any combination of the above

### Permitted Use of Funds
- Grants – maximum 25 percent of project cost
- Loans fixed at 2 percent or at a rate tied to the Federal government’s cost of capital, and 0 percent for predominantly distressed, disadvantaged or energy communities
- Refinance debt for a stranded assets at 0 percent interest in certain instances
- Any combination of the above

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Empowering Rural America (New ERA)

Program Details

<table>
<thead>
<tr>
<th>Eligible Entities</th>
<th>Electric cooperatives (or a wholly or jointly owned subsidiary of such electric cooperatives)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Uses</td>
<td>Renewable energy, renewable energy systems, zero-emission systems, and carbon capture and storage systems, to deploy such systems, or to make energy efficiency improvements to electric generation and transmission systems.</td>
</tr>
</tbody>
</table>
| Process – 2 Stages| 1) Letter of Interest (LOI):  
   - Letter of Interest must meet minimum requirements and will be scored according to the selection criteria.  
   - Additional requirements (reliability, resiliency, and affordability).  
   2) Full application:  
   - High-scoring applicants will be invited to submit a full application.  
   - The full proposal must be submitted within 60 days from the invitation to proceed or a mutually agreeable date.  
   - RUS reserves the right to negotiate a final package of assistance. |
| Allowable Funding Requests | Applicants can propose assistance from any single product or a combination of the following:  
   - Loans to finance the cost of new clean energy projects, at Treasury rate or interest rates as low as 2 percent;  
   - Grant funding up to 25 percent of the total cost of the proposal;  
   - Refinancing of stranded assets at interest rates as low as 0 percent with reinvestment in eligible activities; or  
   - Loans with interest rates as low as 0 percent for projects serving predominantly disadvantaged communities. The Agency can offer an Applicant a financial package different than requested. |

Again... Competitive program.... Purpose is to achieve the greatest reduction in emissions....

USDA trying to make the application process straight forward.....
“We want to make sure communities see the benefit of these programs. CBD’s are not super prescriptive, however”

Empowering Rural America (New ERA)
Selection Criteria

Scoring (maximum of 60 points):
- Annual tons of CO2 equivalent reduced (self-generated or purchased): up to 30 points
- Annual tons of CO2 equivalent avoided: up to 10 pts
- Percentage increase in renewable or zero-emission energy in the energy mix (owned & purchased): up to 10 pts
- Percentage decrease in carbon intensity of the energy mix (owned & purchased): up to 10 pts

Score is relative to all applicants in the same category of Total Utility Plant size

Applicants will be provided the Achievable Reduction Tool to calculate greenhouse gas reductions.

Evaluation of criteria in addition to greenhouse gas score includes:
- Consumer benefits for affordability (rate & bills reduced from efficiency)
- Project cost per unit of greenhouse gas reduction
- Project costs relative to program funding
- Geographic distribution of projects
- Efficient use of program funds

Empowering Rural America (New ERA)
Application Categories

Applicants will compete in one of three categories based on their 2022 Total Utility Plant value.
- Category 1: Applicants with a total utility plant value equal to or over $500 million – at least 60 percent of funding.
- Category 2: Applicants with a total utility plant value under $500M but over $200M – up to 20 percent of funding.
- Category 3: Applicants with a total utility plant value less than $200M – up to 20 percent of funding.

Joint applications will be considered:
- Consolidated groups of entities may submit a single Letter of Interest for consideration.
- Financial commitments will be disaggregated unless the group members are willing to accept joint liability.
- Group LOIs compete in the category reflective of the combined value of the group’s Total Utility Plant.
Empowering Rural America (New ERA)  
Program Timelines

<table>
<thead>
<tr>
<th>Target Date</th>
<th>Activity</th>
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</thead>
<tbody>
<tr>
<td>May 16, 2023</td>
<td>Publication of the New ERA NOFO</td>
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<tr>
<td>May 16 – July 31, 2023</td>
<td>USDA hosts webinars, speaks at conferences, and is available to answer questions</td>
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<tr>
<td>July 31, 2023</td>
<td>Opening date for submission of New ERA Letters of Interest</td>
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<tr>
<td>August 31, 2023</td>
<td>Closing date for submission of New ERA Letters of Interest</td>
</tr>
<tr>
<td>September 2023</td>
<td>USDA reviews, scores, and ranks submitted Letters of Interest</td>
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<tr>
<td>October – November 2023</td>
<td>USDA invites competitive New ERA applications to file a full application</td>
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<tr>
<td></td>
<td>Once applicants are invited to submit a full application, they have 60 days to do so unless otherwise agreed to with USDA.</td>
</tr>
<tr>
<td>December 2023 – December 2026</td>
<td>New ERA awards and announcements are made</td>
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<tr>
<td>September 30, 2031</td>
<td>All funds fully disbursed</td>
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Webinar dates!

Inflation Reduction Act - Webinars

- Webinar: **RUS Updates on IRA funding**
  - May 17, 2023

- Webinars: **Overview of funding available through IRA**
  - May 22, 2023
  - May 24, 2023
  - May 31, 2023
  - June 1, 2023

Details and information on the webinars, including registration links, will be available on RD’s IRA website at [https://www.rd.usda.gov/inflation-reduction-act](https://www.rd.usda.gov/inflation-reduction-act). Additional webinars are planned and will be announced in the future.
USDA Rural Development Electric Programs
https://tinyurl.com/pmmzkm9v
Sign up for news with GovDelivery
https://tinyurl.com/mtdp45me
Current USDA lending rates
https://tinyurl.com/2p9u3wyC
Register for Sam.gov
https://tinyurl.com/2p9y6u9a

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RUS Electric Program General Field Representative Link:
https://tinyurl.com/mrfs3brh
Frequently asked questions can be found on the RD IRA website.
https://tinyurl.com/a6t9467e

Please send additional questions to: SM.RD.RUS.IRA.Questions@usda.gov
Contact

RUS Electric Program General Field Representative Link:
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Thank you!

USDA Rural Development
U.S. DEPARTMENT OF AGRICULTURE

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Electric Programs | Rural Development (usda.gov)

USDA Rural Development (govdelivery.com)

Rural Utilities Loan Interest Rates | Rural Development (usda.gov)

Electric GFR Contacts | Rural Development (usda.gov)