



# Rural Energy for America Program (REAP) for Flexible Fuel Retail Systems

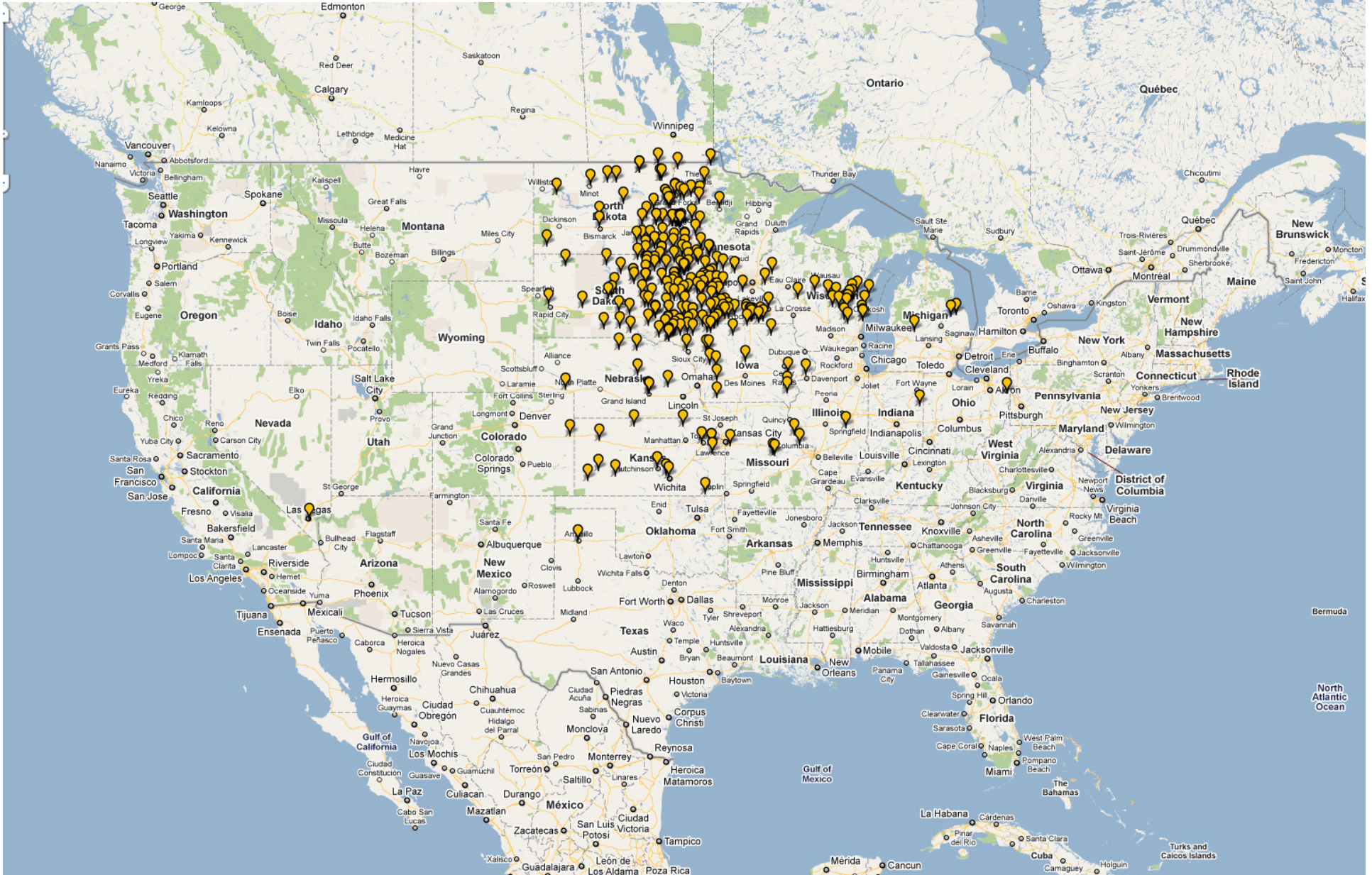
April 18, 2011



# Agenda

- Introductions & Flex Fuel Pump Overview –
  - Tom Buis, Growth Energy CEO
- USDA Rural Development & REAP Overview –
  - Todd Campbell, USDA – Rural Development
- REAP Details –
  - Kelley Oehler, USDA – Rural Development

# Flex Fuel Pump Density



# Flex Fuel Pump Density by State

Alabama (0)	Indiana (1)	New Hampshire (0)	Utah (0)
Alaska (0)	Iowa (22)	New Jersey (0)	Vermont (0)
Arizona (0)	Kansas (14)	New Mexico (0)	Virginia (0)
Arkansas (0)	Kentucky (0)	New York (0)	Washington (0)
California (0)	Louisiana (0)	North Carolina (0)	West Virginia (0)
Colorado (1)	Maine (0)	North Dakota (50)	Wisconsin (19)
Connecticut (0)	Maryland (0)	Ohio (1)	Wyoming (0)
Delaware (0)	Massachusetts (0)	Oklahoma (0)	
District of Columbia (0)	Michigan (3)	Oregon (0)	
Florida (0)	Minnesota (67)	Pennsylvania (0)	
Georgia (0)	Mississippi (0)	Rhode Island (0)	
Hawaii (0)	Missouri (5)	South Carolina (0)	
Idaho (0)	Montana (0)	South Dakota (87)	
Illinois (1)	Nebraska (8)	Tennessee (0)	
	Nevada (1)	Texas (1)	

# Rural Energy for America Program (REAP)

## Who is eligible for REAP?

Rural small businesses and agricultural producers can apply

- Rural – Any area other than a city or town with population over 50,000; cannot be in urbanized area adjacent to such a city or town.
- Small Business – A private entity including a sole proprietorship, partnership, corporation, cooperative (including most Rural Electric Cooperatives), and certain other electric utilities.

- Must meet SBA size standards for small business  
[www.sba.gov/size/indexableofsize.html](http://www.sba.gov/size/indexableofsize.html)

# SBA Size Standards

NAICS Code		
445120	Convenience Stores	\$27.0 million
447110	Gasoline Station with Convenience Store	\$27.0 million
447190	Other Gasoline Stations	\$14.0 million

# New Definition in REAP

## Flexible Fuel Pump

- Blender Pump or Pump that dispenses a blended liquid transportation fuel
  - At least one of the fuels dispensed must be in excess of the State or Federal requirement for renewable fuels, whichever is greater

# What are Eligible Costs?

- Post application purchase & installation of equipment.
- Post application construction or project improvements.
- Energy audits or assessments
- Permit fees
- Professional service fees, except for application preparation.
- Feasibility studies
- Business plans
- Retrofitting

# REAP Grant and Loan Limitations

Grants request must not exceed 25% of project costs

- Minimum grant : \$2,500 Maximum: \$500,000

Guaranteed Loan request must not exceed 75% of project costs (including REAP grant funds, if applicable)

- Minimum: \$5,000 Maximum: \$25,000,000

20% of all grants nationally for < \$20,000

# National Environmental Protection Act (NEPA) Review for Flexible Fuel Systems

- Flexible fuel systems at existing service stations categorically excluded (CX) from NEPA review:
  - Construction will be to reuse or replace an underground storage tank with another tank of similar or smaller size, and in accordance with all State and local regulations
  - Installation of a new above-ground storage tank would be included under CX if installation on existing paved areas.
- Excavation of undisturbed areas for underground tank installation as part of any flexible fuel system would not be included under CX and would be considered a Class I EA

## NEPA Review (cont.)

- CatEx = Categorical Exclusion
  - Page 1 of Form 1940-20
  - Location Map (plat or USGS Topo)
- Class I Environmental Assessment
  - Page 1 of Form 1940-20
  - Questions 1, 2, 15, 16, & 17 of attachment

# National Historic Preservation Act (NHPA)

## Compliance

- For CXs , Section 106 can be addressed by consultation with the State Historic Preservation Officer (SHPO) where the Agency (RD) has determined the Federal undertaking, the likely impact to any historic resources, and the likely area of potential effect.
- Existing service stations less than 50 years old where there is no new construction. No potential to cause effects to historic resources and does not need to consult the SHPO
- New construction of a fuel storage tank? Will require determination of effect to historic resources, and will consult with SHPOs, and/or Tribes, as appropriate.

# Application Documentation

Title Page

Project Summary

– Applicant Eligibility

- No outstanding Federal fines or judgments
- Small Business (give a brief summary of business size, employee and annual receipts)

# Application Documentation

- Project Summary (continued)
  - Project Eligibility
    - Describe project
  - Operation Description
    - Describe business
    - Describe ownership entity
      - Include parent companies and relationship
      - Include subsidiary companies and relationship

## Grant Applications (Forms)

- ✓ Form SF 424 “Application for Federal Assistance” (all pages)
- ✓ Organization Documents (except Sole Proprietorship)
- ✓ Form RD 1940-20 “Request for Environmental Information”
- ✓ Form AD 1047 “Certification Regarding Debarment”
- ✓ Form AD 1048 “Certification Regarding Debarment Lower Tier Transactions” (example: signed by design professional)
- ✓ Form AD 1049 “Certification Regarding Drug Free Workplace”
- ✓ Form RD 400-4 “Assurance Agreement”
- ✓ Form RD 400-1 “Equal Opportunity Agreement
- ✓ Exhibit A-1 of RD Instruction 1940-Q “Certification for Contracts, Grants and Loans” or SF LLL “Disclosure of Lobbying Activities”
- ✓ Certification on known relationship with Agency employee
- ✓ Certification by applicant they meet the definition of demonstrated financial need

# Filling out the Application

## SF-424: Application for Federal Assistance

### – Organizational DUNS (5 Applicant Information)

- Dun and Bradstreet Universal Numbering System
- To obtain a DUNS number, go to:  
<https://iupdate.dnb.com/iUpdate/mainlaunchpage.htm>

# SCORING CRITERIA

1. Percent Flex Fuel Pumps – FFP
  - If at least 10% of pumps at station - 10 points
  
2. Meets an Environmental Goal - 10 Points
  - Meets a Local, State or National requirement
    - Provide Documentation
  
3. Technology is
  - Commercially Available - 5 Points
  - C/A with 5 year+ warranty - 10 Points

## SCORING CRITERIA (cont.)

### 4. Technical Merit Score – up to 35 points

– All requirements follow the same standard project development process:

- Qualifications of project team
- Agreements and permits
- Energy/Resource assessment
- Design and engineering
- Project development schedule
- Financial feasibility
- Equipment procurement
- Equipment installation
- Operations and maintenance
- Decommissioning

# Technical Merit Score Example

Subparagraph	Maximum Score	% of Score Awarded	Score Awarded
Qualifications of Project Team	10		
Agreements and Permits	5		
Energy/Resource Assessment	10		
Design and Engineering	30		
Project Development Schedule	5		
Financial Feasibility	20		
Equipment Procurement	5		
Equipment Installation	5		
Operations and Maintenance	5		
Decommissioning	5		
<b>TOTALS</b>	<b>100</b>		

# Technical Merit Score Example

Subparagraph	Maximum Score	% of Score Awarded	Score Awarded
Qualifications of Project Team	10	80%	8
Agreements and Permits	5	60%	3
Energy/Resource Assessment	10	80%	8
Design and Engineering	30	60%	18
Project Development Schedule	5	60%	3
Financial Feasibility	20	40%	8
Equipment Procurement	5	40%	2
Equipment Installation	5	40%	2
Operations and Maintenance	5	60%	3
Decommissioning	5	60%	3
<b>TOTALS</b>	<b>100</b>		<b>58</b>

Technical Merit Points Awarded :  $.58 \times 35 = 20.3$  points of 35 total points

# Qualifications of Project Team

- Describe who's on the team and what is their experience
  - System Designer
  - Project Manager
  - Equipment Supplier/Installer
  - Project Engineer
  - Construction Contractor
  - System Operator or Maintainer

# Qualifications of Project Team

- Discuss Proposed Project Delivery Method
  - Competitive Bid
  - Design/Build
  - Equipment procurement method
- Training to be provided to operators of the system.

# Agreements, Permits, & Certification

- Identify for the project all:
  - Zoning issues
  - Code compliance
  - Permitting requirements
  - Environmental issues
  - Timing for these
- **Statement certifying** that the project will be installed in accordance with applicable local, State and national codes and regulations.

# Resource Assessment

- Provide information on availability of the renewable resource:
  - Quantity/Quality
  - Type
  - Seasonality
  - Provide calculations as necessary
  - Note any special circumstances that may need to be considered

# Design and Engineering

- Evidence the system will meet site requirements.
- Comprehensive Engineering - all components will work as an integrated system.
- System will meet all Local, State, and National permits, regulations, laws and agreements.
- Construction must be by qualified party.

# Design and Engineering

- Describe the site
  - Environmental concerns/impacts
  - Access
  - Soil properties
  - Visibility
  - Other notable characteristics
- Provide a flow chart of the process, include inputs, processes, outputs, equipment and monitoring equipment

# Development Schedule

- Identify significant task and include description of task
  - Designing/engineering
  - Obtaining of permits and agreements
  - Construction task
  - Equipment ordering and installation
  - Start up shake down schedule

# Economic Assessment

- Include:
  - Detailed schedule of project cost
    - Include soft costs
  - Annual revenues and expenses of the applicant
  - Detail applicable investment incentives or other incentives
  - Sources of other funds, loans and grants
  - Simple payback calculations

# Equipment Procurement

- Describe the Equipment Procurement Method.
- Identify major proprietary equipment and its need in the proposed design.
- Describe equipment availability to meet the time schedule.
- **Include statement** about “open and free” competition (7 CFR part 3015).

# Equipment Installation

- Describe the plan for site development and system installation.
- Provide details on who will schedule major equipment installations.
- Start-up and shake down procedures for equipment.
- **Applicant certification** on installation of equipment (safety and work rules).

## Operations & Maintenance

- Identify O&M requirement for the life of the system
  - Describe daily, weekly, monthly, annual etc. task which need to be performed on the system
    - Calibration procedures
- Identify warranty on system

# Operations & Maintenance

- Identify O&M requirement for the life of the system
  - Replacement/rebuild timing for components of the system.
  - Risk management plan for failure of major components.
  - Owner responsibilities and management responsibilities.

# Decommissioning

- Describe the plan for dismantling and disposing of
  - System components
  - Associated waste
- Address any unique concerns
- How will it be paid for?

## SCORING CRITERIA (cont.)

### 4. Technical Merit Score – up to 35 points

### 5. Financial Readiness

- Provide documentation of **ALL** other funding involved in the project
- 50% to 74% of documentation provided - 5 pts
- 75% to 99% of documentation provided - 10 pts
- 100% of documentation provided - 15pts

# Financial Readiness Example

## ✓ Sources

- ✓ RD grant – 25% of total eligible costs
- ✓ RD guaranteed loan – 75% of total eligible costs
- ✓ Combo RD grant & guaranteed loan – 75% of total eligible costs
- ✓ Other energy programs
  - ✓ Local Bank
  - ✓ Personal cash reserves
  - ✓ Focus on Energy

## ✓ Spreadsheet

Cost of Project	Sources of financing	Amount	Letter of commitment
-----------------	----------------------	--------	----------------------

# SCORING CRITERIA (cont.)

## 6. Small Ag Producer or Very Small Business

- Small Ag Producer
  - Less than \$600,000 = 5 Points
  - Less than \$200,000 = 10 Points
  
- Very Small Business = 10 Points
  - Less than 15 employees; and
  - Less than \$1 million annual receipts

## 7. Simplified Application = 5 Points

## Simplified Applications

- Total Eligible Project Cost less than \$200,000
- Must be commercial technology
- Construction must be completed in 24 months
- Funds disbursed after construction and testing
- SA **does not** require full Financial Information (Income Statement and Balance Sheet)
  - If over \$200,000, need 3 years historic, Current (within 90 days), 3 years projected, GAAP

## SCORING CRITERIA (cont.)

8. Has not received a grant in this program for the previous 2 years - 5 Points
  
9. Energy Generation and Flex Fuel Pumps  
Simple Payback = Projects Costs divided Net Income.
  - Net Income figure used should include:
    - depreciation and interest expense added back in
    - income that can be annualized; PTC, RECs, byproducts with predictable income potential allowed.
    - No one-time incentives, tax credits, etc.

# Resources

## Rural Development Energy Coordinators

- Complete list of all Energy Coordinators is located at [www.ethanolretailer.com](http://www.ethanolretailer.com).
- Contact your state Energy Coordinator for an application or with ANY questions.

## Grant Writers

- Some State Rural Development offices have assembled a list of grant writers to help interested parties complete an application. The grant writers are not endorsed by USDA or Growth Energy – all applicants should interview, ask for references and screen vendors prior to engaging services.
- A list of grant writers as assembled by USDA is available at [www.ethanolretailer.com](http://www.ethanolretailer.com).

## Other Incentives

- A summary of state-level incentives is available here: [www.afdc.energy.gov/afdc/laws/state](http://www.afdc.energy.gov/afdc/laws/state)

# Questions

Submit your questions now

For more information on Rural Energy for America Program (REAP), contact the USDA Rural Development Energy Coordinator in your state.

For additional information from Growth Energy, please visit [www.growthenergy.org](http://www.growthenergy.org) OR [www.ethanolretailer.com](http://www.ethanolretailer.com)