



“How to Win More USDA Energy Grants”

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Southwest Energy & Feed, Seminole TX
\$500,000 Renewable Energy Grant
\$1.1 Million Guaranteed Loan
\$3 Million Project



The Team for the USDA Energy Grant/Loan Includes:

- 1. Applicant**
- 2. Grant/Loan Packager**
- 3. Consultant for Independent Feasibility Study**
- 4. Engineer**
- 5. Reviewing Engineer**
- 6. Appraiser**
- 7. Banker**
- 8. USDA Regional Rural Development Office**
- 9. USDA State Rural Development Office**
- 10. USDA State Appraiser**
- 11. Agency stating environmental contribution to Federal, state
or local energy goals**



The Scoring Criteria for the USDA Energy Grant/Loan Application Include:

- (1) Quantity of Energy Replaced, Produced, or Saved.**
 - (i) Energy replacement (5-15 points) self use**
 - (ii) Energy Savings (5-15 points) need energy audit**
 - (iii) Energy generation (10 points)**

- (2) Environmental benefits (10 points)**
- (3) Commercial availability (5-10 points)**
- (4) Technical Merit (35 points)**



The Scoring Criteria for the USDA Energy Grant/Loan Application Include (Continued):

- (5) Readiness (Grants only) Written commitments for matching funds (5-15 points)
- (6) Small Ag Producer/Very Small Rural Business (5-10 points)
- (7) Simplified application—less than \$200,000 total (5 points)
- (8) Previous grantees and borrowers (5 points)
- (9) Return on investment (2-10 points)
- (10) Loan Rate (5-10 points)

Also must have a letter from the funding bank stating that the project cannot be funded without the grant being awarded.

This grant is based on need.



Application Challenges

Federal grants are hard to get.

Potential applicants are afraid to apply.

Application involves a lot of information and takes time and money to process.

The grant award time is long—6-8 months.

The applicant must be able to wait for the award.



2006 USDA 9006 Energy Grant Awards

Approximately 650 applications were eligible.

\$17,510,887 was awarded to 375 recipients in 36 states.

Since 2003 when the program was established, USDA has provided \$87.3 million in grants and \$34.3 million in loan guarantees to 844 applicants.



Case Study #1: Nebraska **Awarded 153 grants for 40% of the total.**

- 1. Found their niche and applied it across the state—irrigation motors and grocery stores**
- 2. Formed a team—State, Area and Local USDA personnel**
- 3. Developed a template that applicants could utilize when applying.**
- 4. Hired an USDA Energy Coordinator that developed a team involving the NE Energy office, power districts, and Soybean and Corn Boards.**
- 5. Energy office wrote the letter for all grantees for the environmental audit.**
- 6. NE Public Power Districts completed the energy audit for free.**



Case Study #1: Nebraska (continued)
Awarded 153 grants for 40% of the total.

- 7. Gave lots of assistance through USDA office and consultants.**
- 8. Concentrated on small applications \$200,000 and less.**
- 9. Marketing campaign—check presentations, news articles, partnering with power districts, co-ops, and trade associations.**
- 10. Focused on energy efficiency projects.**

This year:

- 1. Work on more renewable energy grants.**
- 2. Work on more grant/guaranteed loan applications.**



Case Study #2: Iowa **Awarded 51 grants for 13.6% of the total.**

- 1. Found their niche and applied it across the state—grain dryers, wind energy, and geothermal.**
- 2. Formed a team—State, Area and Local USDA personnel**
- 3. Developed a good website and a template that applicants could utilize when applying**
- 4. Quick payback for Iowa producers**
- 5. The scoring criteria worked well for the niche market**
- 6. Using technology “off-the-shelf”**
- 7. Use the vendor’s engineer, electric company or state energy office for energy audits**
- 8. Letters of support**
- 9. Consultants that did mass projects.**



Case Study #3: Mississippi Awarded 21 grants for 5.6% of the total.

- 1. Found their niche and applied it across the state—chicken houses**
- 2. Formed a team—State, Area and Local USDA personnel, Natural Resource Conservation and Development districts, and University personnel**
- 3. Developed a good package that applicants could utilize when applying**
- 4. Partnered with Mississippi Poultry Association**
- 5. The scoring criteria worked well for the niche market**
- 6. Using technology “off-the-shelf”—heating system, solid sidewalls, ceiling improvements, air fans, computer controls, doors**
- 7. Template for Technical Report**
- 8. Have efficiency and success by focusing on one area**



To develop more USDA grant awards, Texas can:

1. Form partnerships with other state and local organizations, power utilities, and agricultural organizations.
2. Train more consultants to prepare the application package.
3. Focus on niche areas to develop:
 - Wind
 - Energy Efficiency—irrigation motors
 - Small Biodiesel Plants
 - Chicken Houses
4. Utilize the templates and knowledge of other states.
5. Concentrate on smaller grants for projects under \$200,000.
6. Be a leader in applying for more energy grant/loan combinations



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