

Natural Resources Conservation Service and Rural Development Memorandum of Understanding

Coordination of RD REAP and NRCS EQIP Funding for Energy Efficiency



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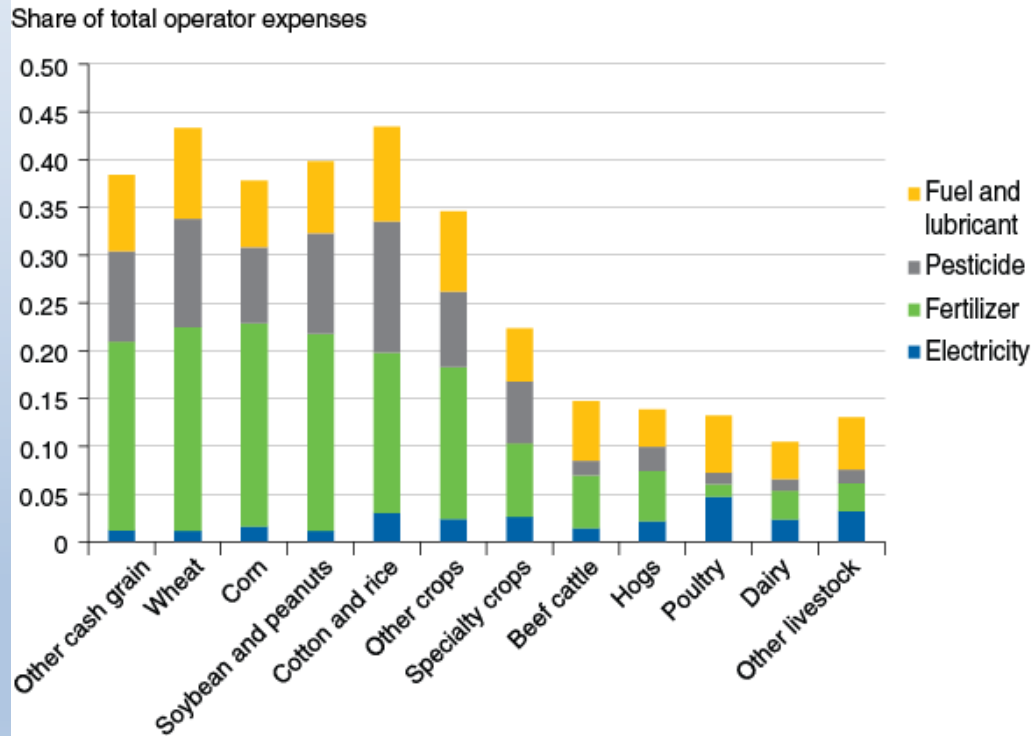
Farm Bill 2002 Title IX: Energy Farm Bill 2008 Title II: Conservation



- Funding for RD Rural Energy for America Program (REAP)
- NRCS Environmental Quality Incentive Program (EQIP)
- Additional technical resources
 - Biomass Energy Research and Development Initiative
 - Conservation Innovation Grants program

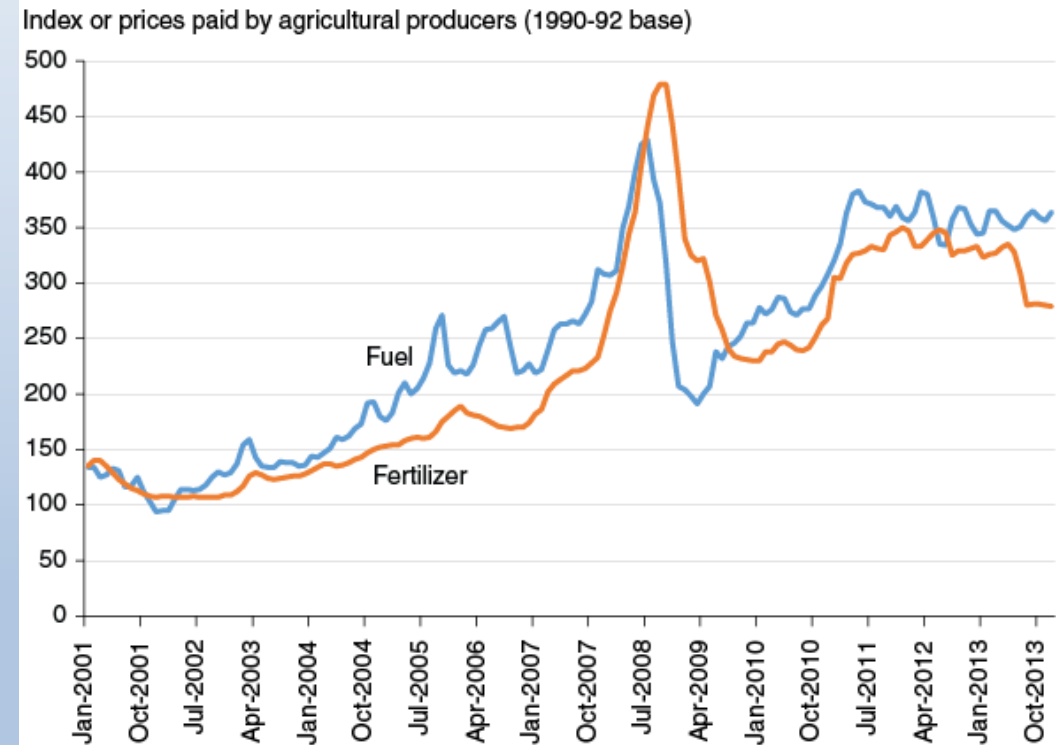
Agricultural Energy Consumption

Share of operator expenses for energy-based purchases, particularly fertilizer, typically higher among U.S. farm businesses specializing in commodity crops



Source: USDA, Economic Research Service and National Agricultural Statistics Service, 2012 Agricultural Resource Management Survey.

Fuel and fertilizer prices paid by agricultural producers move in tandem



Source: USDA, National Agricultural Statistics Service, *Agricultural Prices* (2013).



Increasing role of USDA Energy Programs

- 2009 – Secretary Vilsack emphasized importance of anaerobic digesters
- 2012 – Biogas Roadmap
- 2015 – Conference of Parties (COP21 Paris)
 - 28% GHG emission reduction by 2025
 - Produce energy from agricultural products
 - Increase farm energy efficiency



Importance of Memorandum of Understanding (MOU)

Ensure that RD and NRCS cooperate in offering practices and services to farmers and ranchers to help them conserve and or produce energy, and by so doing, mitigate greenhouse gas emissions from their operations.



MOU Purpose

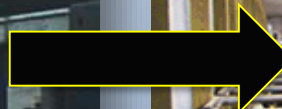
- Identify where agencies mutually support on-farm energy efficiency
- Establish a framework for
 - coordinated response
 - uniformity of standards
 - prevention of duplication
 - collaboration of resources





Coordinated Response

- Energy efficiency upgrades and potential for energy producing projects





Uniformity of standards

- Interchangeable on-farm energy audits
 - RD Rural Energy for America Program (REAP)
 - NRCS Environmental Quality Incentives Program (EQIP)
 - RUS Energy Efficiency and Conservation Loan Program (EECLP)
- Example for other private and public programs
- Industry standards – ANSI/ASABE S612



Conservation Practice Standards

- Anaerobic Digester (366)
- Farmstead Energy Improvement (374)
- Combustion System Improvement (372)
- Irrigation Water Management (442)
- Pumping Plants
- Building Envelope Improvement (672)
- Lighting System Improvement (670)



Prevention of Duplication

- Energy audits and project or practice installation
 - EQIP
 - REAP
 - EECLP





Interagency Communication is Key

- Duplication can occur intentionally or unintentionally
- Different programs can pay for different parts of a whole project
- The Government is responsible to avoid making duplicate payments
- Programs may not be used to pay a recipient twice for the same project

Cross-checking Responsibilities

- USDA OIG Audit Report - No. 50601-0013-Ch provides direction.
- RD State Directors and NRCS State Conservationists will coordinate at the State level to encourage sharing lists of energy audit recipients and cooperating producers.
- NRCS State Conservationist will provide the RD State Office with a list of EQIP energy program recipients and their EQIP AgEMP.
- RD State Director will provide information to the NRCS State office on the location and targeted market segment of RD energy program recipients.

Monitoring and Reporting

State level lists will be provided annually to the respective National contacts identified in Section VII by December 31

Program

- Rural Energy for America
- Environmental Quality Incentives Program
- Energy Efficiency and Conservation Loan Program
- Farm Storage Facility Loan Program

Performance Measures

- Reports in GLS, financial, status, energy projected is self certified
- Practice approved, Invoices collected
- Loan Payments, portfolio management
- Loan processing, payments reports in GLS



Reporting Requirements of the REAP Awardee

Consist of the following:

- Federal Financial Reports on a semiannual basis
- Project Performance Reports between grant approval and completion of project (i.e. construction) and a Final Project Development Report
- Outcome Project Performance Reports provided periodically once the project is completed.



Collaboration of Resources



- Environmental reviews
- Oversight requirements
- Payment rates and costs
- Technical Service Providers
- Over subscription of programs



Collaboration of Resources

Training



Outreach



How can REAP & EQIP funding work together?





Technical Service Providers

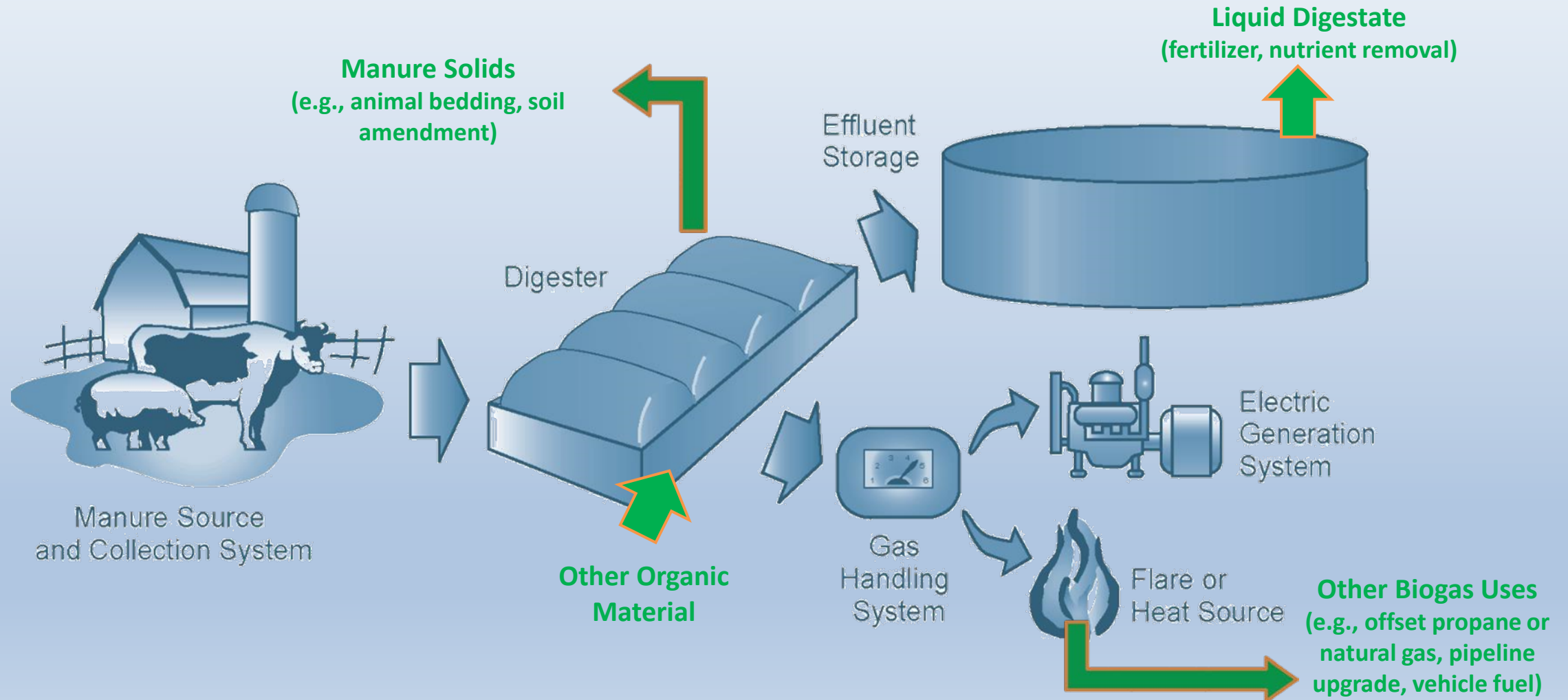


USDA United States Department of Agriculture
Natural Resources Conservation Service

TechReg
Technical Service Provider
Registry



Anaerobic Digesters





Anaerobic digester and genset

Anaerobic digester

- \$1.9 Million total cost
 - \$345,000 EQIP
 - \$474,000 REAP Grant
 - \$500,000 other grants
 - \$572,000 loan

Powers an equivalent of 1000 homes/year





Poultry facility



Broiler operation

- \$2,658 EQIP AgEMP
- \$3,000 REAP Ventilation
- \$23,040 EQIP insulation

35% Projected energy savings





Grain Dryers



Grain dryer replacement

- \$3,503 EQIP AgEMP
- \$17,500 REAP Grant
- \$52,500 Leveraged Funding

35% Projected Energy Savings





Irrigation



Diesel to electric pump

- \$27,000 EQIP Irrigation pipeline
- \$4,000 REAP Pump
- \$16,000 Leveraged funding

40% Projected energy savings



Questions and Comments

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