



B2B News

Byproducts to Biodiesel . .

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2009 Biodiesel Loan Guarantees & Grants

USDA government loans and grants are currently available to finance building biodiesel refineries across the United States. Plant construction could start as early as this summer, provided that applications are ready to submit as soon as the application window opens this spring.

American Recovery and Reinvestment Act (ARRA)

One of the critical objectives of the American Recovery and Reinvestment Act (ARRA) was to begin the process of building a new clean energy economy in the United States. As a result, the final bill, signed into law by President Obama on February 17, contains a number of provisions that promote renewable energy research, development, and implementation. Here are key elements of the bill that would have an important impact on the meat industry and biodiesel production:

- An increase of \$150M in funding for USDA Rural Development programs, including the Business & Industry Guaranteed Loan program.
- \$800M for the DOE Biomass Program, which will likely take the form of grants or loan guarantees for the production of Advanced Biofuels from biomass resources, including biodiesel.
- A DOE grant and loan guarantee program for leading-edge Advanced Biofuels. Grant funds will likely focus on pilot or demonstration scale projects, but loan guarantees may be available for projects that employ commercially-available technologies.
- \$6.3B in aid to the states for clean energy and energy efficiency programs.



R3 Biofuels At NMA MEATXPO in Las Vegas

Thanks to everyone who stopped by our booth. A recurring theme for the 2009 convention was how to increase profit margins during these challenging economic times. The biodiesel specialty meeting at the show was well attended, presenting the possibilities of a promising new business line to meat packers.



USDA Rural Energy for America Program Funding (REAP)

Of the total REAP funding available, 96% is dedicated to grants and loan guarantees for energy efficiency improvements and renewable energy systems.

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Funding

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These incentives are available to agricultural producers and rural small businesses to purchase renewable energy systems (including systems that may be used to produce and sell electricity), to make energy efficiency improvements and to conduct relevant feasibility studies. Eligible renewable energy projects include wind, solar, biomass (i.e. biodiesel) and geothermal; and hydrogen derived from biomass or water using wind, solar or geothermal energy sources. These grants are limited to 25% of a proposed project's cost, and a loan guarantee may not exceed \$25 million. The combined amount of a grant and loan guarantee may not exceed 75% of the project's cost. In general, a minimum of 20% of the funds available for these incentives will be dedicated to grants of \$20,000 or less. The USDA likely will announce the availability of funding for this component of REAP through a Notice of Funds Availability (NOFA).

How Much Funding Is Available?

The 2008 REAP budget was \$36 million. In October of 2008, the Farm Bill increased the "mandatory" funding for this program by at least 53%. The minimum budget for 2009 is \$55 million, expanding to \$70 million in 2012. In addition, the Farm Bill provides discretionary funding for up to \$25 million per year.

What Types of Projects are Eligible?

Energy Efficiency: Any projects that save energy (electricity, propane or natural gas, or diesel fuel) are eligible. Examples include dairy pumps and cooling systems, weatherization of poultry houses, efficient lighting and ventilation, irrigation equipment, industrial motors and supermarket refrigeration systems. Projects that save fuel used in mobile sources (tractors, trucks) are not eligible.

Renewable Energy: Renewable energy systems can include small and large wind turbines, active or passive solar energy systems, geothermal heating and cooling, anaerobic digesters using food or livestock waste, systems using or producing biomass fuels, or facilities producing ethanol or biodiesel. Under the 2008 Farm Bill, tidal, wave, ocean thermal and hydroelectric technologies are also included.

When Are Applications Due?

The deadlines for 2009 will be published by the USDA. Applicants are encouraged to submit applications early so that your state USDA official can review your application and you can address gaps prior to the deadline.

(Information for this article was obtained in part from www.farmenergy.org and www.dsireusa.org)

This newsletter is courtesy of R3 Biofuels

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