

REAP “DistGen” Program for Small Farms

The Problem:

Congress recognized the need to specifically promote the use of small scale renewables and energy efficiency projects at farms and rural businesses and set-aside 20% of REAP funds for grants up to \$20,000. But, the longer project cycle for wind and solar projects, the once per year solicitation cycle, and the complexity of the REAP paperwork are standing in the way.



The effect is particularly bad for small wind because permitting can take up to 24 months and financing is not readily available. Farms have a seasonality to their income and it usually doesn't match the REAP annual cycle. These mismatches result in poor participation rates:

- In 2010, out of \$72.9M in non-biomass REAP grants only \$1.2M (1.6%) went to small wind \leq \$20,000. There were just 81 projects nationwide.
- There were 131 small solar projects \leq \$20,000, totaling \$2.0M (2.7%)
- There were 1,225 small energy efficiency projects \leq \$20,000, totaling \$17.1M (23%)

- Farmers are hiring consultants to prepare their paperwork for a \$20,000 grant
- Dealers report 9 out of 10 potential buyers are discouraged by current rules

REAP is not working well for small wind.

Recommended Remedy:

DWEA believes REAP should consider establishing a “mini-projects” program tailored to grid-intertied small wind and other renewables. DWEA suggests a new 2011 “DistGen” program for grid-intertied small scale wind and renewable systems with grants \leq \$20,000:

- 13.3% (2/3) of Sec. (e) “Lower Cost Activities” funding set-aside for 9 months on first-come, first served basis
- Open application cycle
- Qualifying technical criteria replaces scoring – if applicant meets criteria and funding is still available, they receive a grant
- Application radically simplified
- Apply DOE NEPA categorical exemption for wind up to 20 kW and solar up to 60 kW.
- New certified equipment only (2011 transitional criteria for wind)
- No restriction on energy use in farm homes

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Expected Results:

A new REAP “DistGen” program would significantly increase the use of small scale wind at farms and rural businesses. In 2009 over 90% of the small wind systems installed in the U.S. were built in the U.S. Therefore, federal funding will effectively leverage American manufacturing and construction jobs, as well as rural economic development.

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