

Farm Bill Opens Opportunities for Energy Storage in Rural Energy Programs

January 2019

The Agricultural Improvement Act of 2018

Status: Enacted

The 'Farm Bill' makes energy storage eligible for existing financing programs administered by the US Department of Agriculture that support clean energy projects in rural communities, particularly farms and small businesses.

- Storage is eligible for up to \$50MM/year in grants to cover a portion of project costs under the Rural Energy for America Program when co-located with renewable energy.
- Rural utilities may now support standalone storage with pass-through funds under the Rural Energy Savings Program (up to \$100MM/year).

The Agricultural Improvement Act of 2018 – AKA the Farm Bill – was signed by the President on December 20, 2018. Among a wide range of provisions covering food, agriculture, rural communities, and other issues, this expansive bill includes provisions that add energy storage systems to existing rural energy programs.

The bill reauthorizes the energy title and includes mandatory funding for the popular – and regularly oversubscribed – **Rural Energy for America Program (REAP)** while adding energy storage to the technologies that qualify for this program. Notably REAP continues with consistent ongoing funding while many other energy-related provisions, including those relevant to biomass, see cuts or elimination.

REAP provides grants and loan guarantees for farmers, ranchers, and rural small businesses to invest in renewable energy, energy efficiency, energy audits, and now energy storage upgrades. It is administered by the US Department of Agriculture's Rural Business Service. Those eligible from the program may apply to the USDA for grants of up to 25% of the total cost of a project or activity and/or loan guarantees of up to \$25 million. This year's Farm Bill allocates REAP \$50 million per year from 2019 to 2023 (in the past Congress has from time to time added discretionary funds

to increase the size of REAP). USDA publishes application due dates annually on its website; dates vary by type and size of support.

Energy storage is also added to the eligible technologies for the **Rural Energy Savings Program** (RESP) which provides rural utilities with zero-interest loans to re-lend to customers at not more than 3% interest for efforts to save energy (e.g. by establishing on-bill financing programs for rural electric cooperative members). Applications can be made, and awards granted, on a rolling basis through September 2019 or until funds are obligated.

The definitions for Title IX, which covers both REAP and RESP, (sec. 9001(3)) specify that energy storage systems are part of ‘ancillary infrastructure’ included within the definition of a ‘renewable energy system,’ thus allowing storage to be counted as a part of a larger renewable energy project and its eligible costs. While this definition requires storage to be coupled with renewables to qualify for REAP, the language in RESP includes both renewables ‘or’ storage as eligible for efficiency programs, and storage is therefore considered eligible as a standalone asset. For RESP, rules also specifically do not require storage to be grid-connected.

Elsewhere, the Farm Bill seeks to support **rural broadband** expansion, which is an important part of enabling broader grid modernization efforts that could enable energy storage as well.

Adding energy storage to Farm Bill programs opens up exciting opportunities for America’s farmers, ranchers, and rural business owners to leverage the benefits that storage provides. Congress recognized the value of energy storage to address rural energy needs and has specifically added it to this important program. This is a new avenue for rural electric co-ops and their customers to finance storage deployments at advantageous rates, even if the total financing available is small.

Further Information

The [full text of the bill](#) is available on Congress.gov.

The USDA maintains [information about REAP](#) and [RESP](#), including eligibility requirements and information about applying for grants and loan guarantees.

For more information contact ESA at info@energystorage.org.