

RD AN No. **4852** (4280-B)
February 12, 2018

TO: State Directors, Rural Development

ATTN: Business Programs Directors
State Energy Coordinators

SUBJECT: Retrofitting of a Renewable Energy System

PURPOSE/INTENDED OUTCOME:

Purpose of this Administrative Notice (AN) is to provide guidance on Rural Energy for America Program (REAP) project eligibility and scoring for retrofitting of a renewable energy system (RES).

COMPARISON WITH PREVIOUS AN:

This AN replaces AN No. 4808 (4280-B) dated July 18, 2016, which expired on July 31, 2017.

IMPLEMENTATION RESPONSIBILITIES:

In accordance with RD Instruction 4280.113(a)(3), 4280.128, and 4280.165(a), the retrofitting of an existing RES may be considered as a RES project that is eligible to receive funding from a REAP grant, guaranteed loan, or combination guaranteed loan and grant.

RD Instruction 4280.103 defines a retrofitting as “A modification that incorporates a feature or features not included in the original design or for the replacement of existing components with ones that improve the original design and do not impact original warranty if the warranty is still in existence.” Examples of REAP projects proposing retrofits to renewable energy systems that may be considered eligible include, but are not limited to:

EXPIRATION DATE:
February 28, 2019

FILING INSTRUCTIONS:
Preceding RD Instructions 4280-B

1. installing a steam turbine at an ethanol plant;
2. installing a combined heat and power system for a pellet production facility;
3. installing a feedstock pretreater on an existing biodiesel production plant;
4. installing a battery as a power back-up for a photovoltaic solar system; or
5. replacing blades on a wind turbine.

Retrofitting of a RES project will be scored based on the increase in amount of renewable energy the project will generate from the retrofit. In order for the REAP application to receive points under RD Instruction 4280.120(b)(1) in part, Quantity of Energy Generated ... per REAP Grant Dollar Requested, RD Instruction 4280.120(b)(3) in part, Quantity of Energy Replaced ... or Generated, and RD Instruction 4280.120(f)(1), Simple Payback, Renewable Energy Systems, the increased amount of renewable energy that is being generated due to the retrofit will be used to complete these calculations. RD Instruction 4280.135(a) and RD Instruction 4280.165(d), which cross reference RD Instruction 4280.120(b)(1), will use the same scoring methodology. REAP applications for the retrofitting of an RES that are not projecting to increase the amount of renewable energy that the RES is generating, while still eligible for REAP will not be awarded points for RD Instruction 4280.120(b)(1) in part, Quantity of Energy Generated ... per REAP Grant Dollar Requested, RD Instruction 4280.120(b)(3) in part, Quantity of Energy Replaced ... or Generated, and RD Instruction 4280.120(f)(1), Simple Payback, Renewable Energy Systems.

If you have any questions regarding this AN, please contact Deb Yocum at (402) 499-1198, or via e-mail at debra.yocum@ne.usda.gov.

/s/ **BETTE B. BRAND**

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Administrator
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