

November 28, 2022

Dr. Karama Neal  
Administrator, Rural Business-Cooperative Service  
U.S. Department of Agriculture

RE: Comments in Response to Docket ID: RBS-22-NONE-0025 of the U.S. Department of Agriculture (USDA) Rural Business-Cooperative Services (RBCS)

Dear Administrator Neal:

Please accept these comments related to the implementation of the Inflation Reduction Act (IRA) of 2022. **Specifically, these comments address Sec. 22002 of the IRA, which provides \$2.025 billion for the Rural Energy for America Program (REAP) (including a \$303.8 million set-aside for underutilized technologies and technical assistance).** REAP has delivered multiple benefits to rural communities for years, and the opportunity presented by the IRA could advance cost-effective energy efficiency, renewable energy, electrification, and other clean energy technologies at an unprecedented scale; promote economic development; and result in meaningful greenhouse gas reductions.

**In terms of balancing the interests of large and small applicants, we recommend giving extra weight to smaller applicants.** Smaller applicants are more likely to come from historically marginalized and disadvantaged communities. And these applicants could stand to gain the most from federal investments on a dollar-for-dollar basis. To help promote smaller applications and increase participation from disadvantaged communities, we recommend simplifying the application process as much as possible, providing templates, and sharing past success stories from other small applicants.

The current REAP application process is too onerous for the average small business or other eligible applicant to decipher and attempt to complete while managing their other responsibilities. Without a simplified application process, larger applicants will account for a disproportionate number of applications because they can afford to hire professional grant writers. **We encourage RBCS to consider implementing a “letter of intent” (“LOI”) model, which could be similar to the process used by the Rural Utilities Service Rural Energy Savings Program (RESP).** A LOI could include a description of the applicant and the proposed project and information about its benefits. Short-listed applications could then be invited to the next stage where they would be asked to submit technical information, but with the confidence that their application is already being looked upon favorably. Acknowledging the administrative strain this could place on RBCS, this process could be limited to applicants of relatively small size and with a modest grant cap (perhaps \$20,000).

**We encourage RBCS to take these and other steps to ensure that small applicants receive the majority of the REAP grant funding provided by the IRA.** For smaller applicants, a REAP grant likely means the difference between moving forward with a project or dropping it completely because of limited access to affordable capital. RBCS should seek out projects where grant dollars will be truly transformational for smaller applicants and put less emphasis on larger applicants seeking grants that only offer a marginal benefit.

REAP is a flexible program that can be applied to a wide variety of clean energy projects. However, to the casual observer, it can be easy to think that the program only funds biodigesters and solar panels. **We encourage RBCS to highlight the wide range of eligible projects for the entire amount of funding**

**provided by the IRA rather than just the set-aside for underutilized technology projects.** Potential applicants need to see themselves reflected in REAP success stories, especially those that involved grants that supported out-of-the-box projects from smaller applicants. The more that RBCS stresses that it is open to funding underutilized technology projects, the more innovation it will see from applicants. **For example, we think there is considerable potential for REAP to fund irrigation electrification projects that provide meaningful cost savings and environmental benefits.** In fact, many rural co-ops are embracing beneficial electrification, so this and other electrification projects would be a natural fit. **To help promote applications for irrigation electrification, we urge RBCS to be in touch with past applicants and document their success stories that can then be highlighted in REAP outreach.**

**Finally, we recommend working with RUS and finding ways to leverage RESP to promote additional energy efficiency and electrification.** For example, REAP can be used to help co-ops develop energy audit programs to help rural businesses identify opportunities for cost-effective energy efficiency improvements that can then be financed using RESP capital. These programs have long “tails” because the businesses that receive energy audits go on to complete projects, leading to greater economic development. For example, Orcas Power and Light Cooperative (OPALCO), which serves the San Juan Islands in Washington, secured two \$100,000 grants to offer no-cost energy audits for rural businesses. With local partners, OPALCO launched the “Energize the San Juans” campaign to educate the business community about energy efficiency opportunities, including audits, incentives, rebates, financing, and grants. OPALCO worked with 27 businesses over nine months and provided detailed reports about specific opportunities to improve energy efficiency. Of those 27 businesses, 23 implemented energy efficiency projects. OPALCO also secured \$46 million from RESP to offer on-bill financing that those businesses leveraged to help cover the costs of the projects identified in the energy audits.

We appreciate your consideration and stand ready to support your efforts to ensure timely and equitable implementation of the IRA.

American Council for an Energy-Efficient Economy  
California Efficiency + Demand Management Council  
Environmental and Energy Study Institute  
Institute for Market Transformation  
Midwest Energy Efficiency Alliance  
National Association of Energy Service Companies  
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