Rural Utilities Service (RUS)
Inflation Reduction Act Overview
Inflation Reduction Act (IRA)

Two Provisions/Programs:

1. Section 22001 – Powering Affordable Clean Energy (PACE)

2. Section 22004 – Empowering Rural America (New ERA)

Electric Programs, Rural Utilities Service
USDA Rural Development
A New Deal Agency With a 21st Century Mission

• 1933 Tennessee Valley Authority Act
• 1935 Rural Electrification Administration Created by Executive Order
• 1936 Rural Electrification Act
• 1949 Telephone Amendments
• 1993 REA + FmHA become RUS
• 2002 Broadband Amendments
2022 The Inflation Reduction Act
Stakeholder Engagement

Completed to date:

✓ Listening sessions (Nov 3, Nov 4)
✓ Tribal Consultation (Dec 15)
✓ 13 RUS Roundtables (Jan 17-26) - 1,355 attendees
✓ On-going meetings with stakeholders (February-March) – We have an open door policy – please reach out if you’d like to meet!
PACE – ADDITIONAL FUNDING FOR ELECTRIC LOANS FOR RENEWABLE ENERGY. (partially forgivable 317 Loans)

- Amount -- $1 Billion in Budget Authority

- Purpose -- for cost of loans under Sec 317 (which finances wind, solar, hydropower, biomass, or geothermal projects) including energy storage projects.

- Eligibility – Renewable generation for resale to rural and nonrural residents.

- Forgiveness – Up to 50% of the loan may be forgiven.

- Loan Interest Rate – Municipal Rate.

- Waiver – Secretary shall establish criteria for going above 50% forgiveness
## Municipal Interest Rates

For the 1st Quarter of 2023

<table>
<thead>
<tr>
<th>Interest Rate Term Ends in (year)</th>
<th>RUS Rate (0.000 percent)</th>
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<tbody>
<tr>
<td>2024</td>
<td>2.750</td>
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<tr>
<td>2025</td>
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<td>2026</td>
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<td>2033</td>
<td>3.125</td>
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<tr>
<td>2034</td>
<td>3.125</td>
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<table>
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<tr>
<th>Interest Rate Term Ends in (year)</th>
<th>RUS Rate (0.000 percent)</th>
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<tbody>
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<td>2042</td>
<td>3.625</td>
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<td>2043</td>
<td>3.625</td>
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<tr>
<td>2044 or later</td>
<td>3.625</td>
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</tbody>
</table>
Empowering Rural America (New ERA) Program Funding

$9.7 billion dollars in Budget Authority for the long-term resiliency, reliability, and affordability of rural electric systems to achieve the greatest reduction in CO2, methane and nitrous oxide emissions.

Eligibility – Electric Cooperatives that are or have been RUS borrowers or electric cooperatives serving a predominantly rural area or a wholly or jointly owned subsidiaries of such cooperatives.

Activities Supported (per the statute)
- the purchase of renewable energy,
- renewable energy systems,
- zero-emission systems,
- carbon capture and storage systems to deploy such systems, or
- energy efficiency improvements to generation & transmission systems of eligible entities.

Permitted Use of Funds (per the statute)
- loans and modifications of loans,
- the cost of loans and modifications,
- grants, or
- other financial assistance.

Limitations (per the statute)
- no entity may receive more than 10 percent of the total amount of the budget authority
- grants not to exceed 25% of total project costs
Coop, Developer and Consumer Tax Credits

- The IRA includes a host of clean energy tax incentives for developers, consumer-based energy efficiency, EV purchases, charging stations and CCUS.

- The IRA provides for “direct pay” tax incentives for coops and other. Direct Pay could cover 30-50 percent of project costs. We expect this to be stackable with RUS support.
Timeline

• IRA includes time limitations on the disbursement of IRA funds:
  (5) DISBURSEMENTS.—The Secretary shall not enter into, pursuant to this subsection—
    (A) any loan agreement that may result in a disbursement after September 30, 2031; or
    (B) any grant agreement that may result in any outlay after September 30, 2031

• Projects will need to be completed with all funds advanced by the last day of FY 2031.

• Speed, simplicity and familiarity are keys to crafting a successful program.

• Hope to release a Notice of Funding Opportunity (NOFO) this Spring and begin obligating in FY 2023. We need potential applicants to start thinking about potential applications now.
**Bottom Line**

Now is the time to prepare to apply for these exciting programs.

Notice of Funding Opportunities will be published **this Spring**. We are available to answer to your questions now and when we publish our notices.
Wrap up/ Key Resources

• USDA Rural Development IRA Web Page:

• Sign Up for Updates:

• Sam.gov: https://sam.gov/content/home

• USDA Rural Utilities Service Electric program Web Page:
  https://www.rd.usda.gov/programs-services/electric-programs
Contact

RUS Electric Programs GFR Link:
https://www.rd.usda.gov/contact-us/electric-gfr
Thank you!