



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

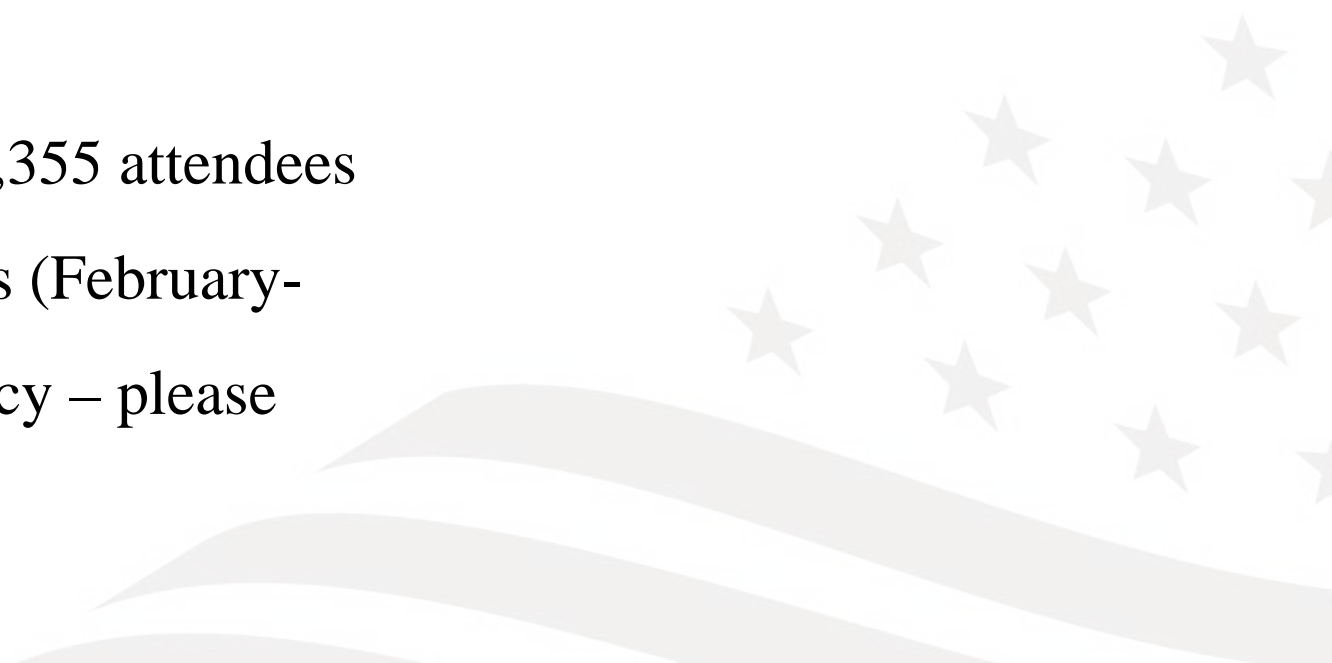
- 1933 Tennessee Valley Authority Act
- 1935 Rural Electrification Administration
Created by Executive Order
- 1936 Rural Electrification Act
- 1949 Telephone Amendments
- 1993 REA + FmHA become RUS
- 2002 Broadband Amendments

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!
- 

Powering Affordable Clean Energy (PACE) Program Forgivable Loans for Clean Energy Projects

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

Interest Rate Term Ends in (year)	RUS Rate (0.000 percent)
2024	2.750
2025	2.750
2026	2.875
2027	2.875
2028	2.875
2029	3.000
2030	3.000
2031	3.000
2032	3.000
2033	3.125
2034	3.125

Interest Rate Term Ends in (year)	RUS Rate (0.000 percent)
2035	3.250
2036	3.375
2037	3.500
2038	3.625
2039	3.625
2040	3.625
2041	3.625
2042	3.625
2043	3.625
2044 or later	3.625

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:
<https://www.rd.usda.gov/inflation-reduction-act>
- Sign Up for Updates:
https://public.govdelivery.com/accounts/USDARD/subscriber/new?topic_id=USDARD_1475
- 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!

