



ON-FARM ENERGY EFFICIENCY & PRODUCTION INVESTMENT AREA

(March 20, 2009)

(Updated August 26, 2009)

This document provides eligible investments and is considered to be minimum standards by which a program is to be implemented. All investments must be limited to direct farm related projects as further defined within these guidelines.

The Governor's Office of Agricultural Policy (GOAP) has applied for funding from *The American Recovery and Reinvestment Act of 2009 (ARRA)* to award bonus funding to applicants seeking county cost share assistance within this area. **Successful applicants that complete and submit required documentation on their requested energy related projects may be eligible for an additional 25% reimbursement of the actual cost of a federally qualified energy saving item, up to \$10,000. Only expenditures and projects initiated after the date GOAP enters into a Memorandum of Agreement with the Kentucky Energy & Environment Cabinet, (which has not yet occurred) will be eligible for consideration for the bonus funding.** The GOAP will notify the local program administrators as soon as an announcement is made in regards to the GOAP's approval or denial for these funds.

Applicants that request funds solely from this area will be eligible for bonus scoring based upon the completion of the questions within this section. Although the questionnaire must be completed to be eligible for funding within this section, the applicant will receive no additional points if they request funding from any of the other investment areas. Applicants who request funds from this investment area and no more than two other investment areas will still be eligible for the *ARRA* bonus funding, if available, on the approved items within this area.

Funded participants shall adhere to all local, state, and federal rules and regulations.

Questions concerning these guidelines should be directed to the Governor's Office of Agricultural Policy at (502) 564-4627. Application for funds must be directed through the local County Agricultural Development Council(s).

Eligible Cost Share Items

A. Upgrades to all Applicable Farms

1. New installation of, or conversion to Energy Efficient Grain Drying Systems with suggested improvements such as:
 - a. Addition of recirculation of cooling section exhaust air

- b. New dryers with increased column width
- c. Implementation of dryeration
- d. Addition of in-bin cooling
- 2. Milk precooler
- 3. Automatic milker takeoffs
- 4. Variable speed drives for vacuum pumps
- 5. Heat recovery from refrigeration equipment
- 6. Scroll compressor
- 7. Timers for tractor engine block heaters
- 8. Energy free or low energy waterers
- 9. *NEMA* labeled Premium Efficiency motors
- 10. Low pressure irrigation systems, conversion from Sprinkler to Drip irrigation, or Variable Frequency Drives for well pumps
- 11. Renovation expenditures recommended by a previously completed energy audit or energy assessment
- 12. Installation expenses of above items when performed by a hired contractor and documented by invoices and cancelled checks

B. Energy Efficient Building Components & Renewable Energy Projects

- 1. *Energy Star*, CFL, Cold Cathode, T-8, LED, or High Intensity Discharge (HID) lights and lighting fixtures
- 2. Insulation
- 3. Programmable thermostats and controllers
- 4. High Volume Low Speed (HVLS) fans, energy efficient Low Volume High Speed Exhaust or Circulation fans (The BESS lab at the University of Illinois rates exhaust fans)
- 5. *Energy Star* windows, doors, skylights, roofing, or other *Energy Star* building components
- 6. *Cool Roof* system
- 7. Tankless, solar, or water heaters with a thermal efficiency of at least 90%
- 8. EPA approved waste oil or biomass fired boilers, hydronic furnaces, heaters and stoves
- 9. Renovation expenditures recommended by a previously completed energy audit or energy assessment
- 10. Installation expenses of above items when performed by a hired contractor and documented by invoices and cancelled checks

C. Professional Fees and Training

- 1. Documented expenses not covered by other programs for the completion of an on-farm energy audit or assessment
- 2. Third party professional fees associated with the completion of a grant application within a 2009 or 2010 United States Department of Agriculture, United States Department of Energy, or other non Kentucky Agricultural Development Fund program related to on-farm energy efficiency or renewable energy production (Executive Summary of completed application and verification of its submission to the appropriate program must be submitted with documented expenses.)

3. Third party professional fees for environmental, technical, geological, biological, engineering, and chemical consulting associated with the development of projects in the area of On-Farm Energy Efficiency and Production
4. Registration fees for the attendance of workshops and conferences focusing on the area of On-Farm Energy Efficiency and Production

IMPORTANT: Applicants with projects requiring over \$50,000 in expenditures or projects likely to be submitted for consideration for federal programs, should consider requesting funds for a professional energy audit. Eligibility criteria for other federal programs will likely have more stringent requirements. Resumes confirming the qualifications of all third party professionals listed above and performing services for a fee must be attached with submission of the documented expenditures.

D. Biomass Energy Crop Production

1. Seed, rootstock, or other plant material used to establish a dedicated biomass energy crop
2. Limestone based on a soil test taken within the past 12 months and necessary for the establishment and management of the biomass energy crop.
3. Fertilizers and Soil Amendments (N, P, K or other approved soil amendments) necessary for the establishment and management of the biomass energy crop
4. Herbicides, fungicides, and other crop protectant products necessary for the establishment and management of the biomass energy crop
5. Specialized equipment, structures, and other supplies not currently owned by the applicant that are essential for the production, harvesting, and or transportation of biomass energy crops
6. Hired services needed for the production, harvesting, and or transportation of biomass energy crops

IMPORTANT: Only farm level costs for projects under the supervision of Universities or other entities conducting valid research, demonstrating production techniques, or utilizing the biomass crops for energy production will be eligible.

E. Equipment and Infrastructure for On-Farm Energy Production

1. Equipment, structures, or other supplies necessary to convert animal waste into useable energy
2. Equipment, structures, or other supplies necessary to connect an on-farm electric power generator fueled by renewable fuels to the electric power utility's distribution system
3. Equipment, structures, or other supplies necessary to retrofit existing oil or gas wells to which the farmer/applicant owns the mineral rights and can utilize the fuel within their farming operation
4. Equipment, structures, or other supplies necessary to convert biomass crops into useable energy

5. Equipment, structures, or other supplies necessary to convert grains and oilseeds into ethanol or biodiesel
6. Fuel testing services and kits needed to monitor fuel quality
7. Equipment, structures, or other supplies necessary to harness available solar, wind, geothermal, or other renewable sources of energy

IMPORTANT: Due to the array of local, state, and federal taxes, any fuels produced on the farm with assistance through this program can not be utilized as transportation fuels for highway use. Applicants are encouraged to review all manufacturers' warranties and specifications before using the fuels in any equipment.

Guidelines for all projects within the On-Farm Energy Efficiency & Production Investment Area

- A. Recipients of Agricultural Development Funds are required to retain ownership of facilities and equipment for at least five years.**
- B. Eligible items will be restricted to components of buildings used solely for farming purposes.**
- C. Improvements to personal residences, non farm commercial property, and any other non farm structures are not eligible.**
- D. Tractors, motorized vehicles, and other equipment with internal combustion engines are excluded from this investment area.**
- E. Applicants will be required to provide a detailed listing and verification of all expenditures related to this investment area. In addition to the normal documentation, the applicant may be required to provide model and serial numbers for all relevant components as well as further explanation of the energy related benefits of the investment.**
- F. The local administrator may use their discretion to disqualify any questionable submissions for reimbursement.**