

2018 Guidelines: ON-FARM ENERGY EFFICIENCY INCENTIVES



*The **On-Farm Energy Efficiency Incentives Program** provides funding for Kentucky farm families to increase the energy efficiency of existing equipment or facilities.*

The Kentucky Agricultural Development Fund is dedicated to helping Kentucky agriculture become more sustainable and profitable for generations to come by supporting this program.

A. Application Submission

1. All applications (including energy audit) must be submitted to the Governor's Office of Agricultural Policy no later than close of business one of the following dates:
 - March 30, 2018
 - June 29, 2018
 - September 28, 2018
 - December 28, 2018
2. Submit the original & five (5) copies to the Governor's Office of Agricultural Policy. *Please do not submit application in any type of binding. Faxed or emailed copies will not be accepted.*
3. This is a competitive program. All complete applications received by each deadline will be scored, ranked and presented 60 days after the deadline. Incomplete applications will be held for consideration during the next funding cycle, provided the application is complete and funding is available.
4. Grants are dependent on the availability of funds. If more applications are eligible for funding than there are funds available, then awards will be made according to application scores in descending order, until all funds are expended.
5. Eligible expenses are retroactive based on the following deadlines:
 - March 30, 2018 - retroactive to July 28, 2017
 - June 29, 2018 - retroactive to December 29, 2017
 - September 28, 2018 - retroactive to March 30, 2018
 - December 28, 2018 - retroactive to June 29, 2018
6. A third-party audit by an approved professional engineer or certified energy manager is required with the application. *For assistance, contact Bill McCloskey at 502-382-6093.*
7. Applicants are eligible for reimbursement up to \$150 for a third-party audit. *This is in addition to the funds awarded for the energy project. Example: Eligible funds for \$10,000 on \$20,000 project plus \$150 audit fee* with proof of payment = \$10,150*

*Eligible audit fees require proof of payment

B. Producer Eligibility

1. Only one individual per household may apply for the On-Farm Energy funds within a program year.
2. Applicants must receive **either** at least \$25,000 in Gross Farm Income (GFI) **or** 20% of gross income from farming for the previous two years, calculated by dividing the GFI amount found on the Schedule F by the Adjusted Gross Income amount found on the Form 1040.

C. Funding Limitations

1. Annual Maximum: Applicants will be limited to 50% reimbursement for the eligible expenditures not to exceed \$10,000 within program year, plus an additional \$150 for energy audit.
2. No more than 50% of the funds for this project may come from KADF grants, including county cost-share funds.
3. Applicants previously approved for the KADF On-Farm Energy Incentives Program shall complete the previous project before submitting a new application for consideration.

D. Eligible Investments & Exclusions

1. Eligible items will be restricted to components and investments used solely to replace existing equipment and technology for the benefit of farming operations located in Kentucky. *(See Appendix A for a listing of eligible items)*
2. A project must show a reduction or offset (i.e. solar projects) in energy consumption (BTUs) to receive funding.
3. Project size is reported as purchase price before trade-ins, down payments, grants, and the KADF energy audit.
4. Projects shall have a payback of less than 25 years and applications must score at or above 25 points to be eligible for funding. If a portion of the project is not completed, then the remaining portion submitted for reimbursement still must meet these requirements. If not, then funds will not be disbursed.
5. Payback calculation for the purposes of this program is the purchase price divided by energy savings before all other incentives.
6. Improvements to personal residences, non-farm commercial property, and any other non-farm structures are not eligible.
7. Tractors, motorized vehicles, and other equipment with internal combustion engines are excluded from this program with the exception of stationary power units.

E. Post Approval Requirements & Deadlines

1. Approved applicants will be required to provide a detailed listing and verification of all expenditures related to the approved project. The following documents shall be submitted: invoices, receipts and evidence of payment (i.e. cancelled check, credit statement, lending documents), as well as Project Itemization Form.
2. **Completion Deadlines:** Projects approved for funding must be completed and all required documentation for reimbursement must be returned to the Governor's Office of Agricultural Policy no later than one year from the execution date of the legal agreement.

Please return application and all documentation to:

Governor's Office of Agricultural Policy
ATTN: On-Farm Energy Pgm.
404 Ann Street :: Frankfort, KY 40601
(502) 564-4627 :: <http://ag-energy.ky.gov>

APPENDIX A: Eligible Cost-share Items

A. Equipment Upgrades

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

Moisture content evaluation based on past operating expenses and production records
2. New installation of, or conversion to, energy efficient poultry systems, including:
 - a. Insulate ceiling or sidewalls
 - b. Electronic heating/ventilation controls
 - c. Attic inlets; tunnel inlet doors
 - d. Mixing fans
 - e. Radiant heaters
 - f. Energy efficient lights
3. New installation of, or conversion to, energy efficient dairy systems, including:
 - a. Milk cooler tank and milk pre-cooler
 - b. Automatic milker takeoffs
 - c. Variable speed drives for vacuum pumps
 - d. Heat recovery from refrigeration equipment
 - e. Scroll compressor / energy efficient refrigeration unit
4. Timers for tractor engine block heaters
5. Energy free or low energy waterers
6. NEMA labeled premium efficiency motors
7. Low pressure irrigation systems, conversion from sprinkler to drip irrigation, or variable frequency drives for well pumps
8. Renovation expenditures recommended by an energy audit may be considered
9. 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-5, 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 biomass fired boilers, hydronic furnaces, heaters and stoves
Must replace an existing system
9. Renovation expenditures recommended by an energy audit may be considered
10. Installation expenses of above items when performed by a hired contractor and documented by invoices and cancelled checks
11. Solar powered watering system for agricultural use. Documentation from a third-party service provider, verifying water use, is required with the application
12. Equipment, structures or other supplies necessary to harness available solar to offset agriculture related energy expenses. Documentation of interconnection agreement for rural electric company is required



APPENDIX B: Approved Resource List

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A. Approved Energy Auditors

University of Kentucky, Biosystems & Agricultural Engineering Dept.

www.bae.uky.edu

Doug Overhults, (270) 365-7541 ext. 211

doug.overhults@uky.edu

Sam McNeil, (270) 365-7541 ext. 213

Sam.mcneill@uky.edu

Aaron Turner, (859) 218-4358

aaron.turner@uky.edu

Ben Koostra

Professional engineer

(859) 559-4662

benkoostra@limestonecooper.com

Mike Hagan

Professional engineer

(270) 925-9514

michaelhagan2@gmail.com

Other professional engineers or certified public energy managers may be considered upon request.

B. Funding Agencies

USDA Rural Development

www.rurdev.usda.gov/ky

Scott Maas, (859) 224-7319

scott.maas@ky.usda.gov

USDA Natural Resources Conservation Service (NRCS)

www.ky.nrcs.usda.gov

Deena Wheby, (859) 224-7403

deena.wheby@ky.usda.gov

Kentucky Highlands Investment Corporation

www.khic.org

(606) 864-5175, (606) 864-5194

MACED – Energy Efficient Enterprises

www.maced.org/E3/index.html

Elizabeth Graves, (859) 986-2373

egraves@maced.org

