

improvements and located in a rural area. The applicant must be the owner of the system and control the operation of the proposed project. A third-party operator may be used to manage the operation or proposed project. Grant funds are not for research and development; therefore, they will only be used for commercial or pre-commercial technology.

All projects financed under this NOFA must be based on satisfactory sources of revenues in an amount sufficient to provide for the operation and maintenance of the system or project.

A proposed renewable energy system can use up to 25 percent of total energy input from a nonrenewable energy source for necessary and incidental requirements of the energy system. No other use of non-renewable energy inputs will be allowed for projects funded under this program.

Eligible projects for energy efficient improvements must conserve energy equal to 15 percent of at least the last 12 months usage and pay for itself within 11 years or less through energy cost savings.

RBS is required to assess the potential environmental impacts of a proposed action prior to commitment of Federal financial resources to the project. This environmental review is consistent with the Council on Environmental Quality's (CEQ) regulations for implementing the procedural provisions of the National Environmental Policy Act. Any required environmental review must be completed prior to RBS obligating any grant funds. The taking of any actions or incurring any obligations during the time of application or application review and processing which would either limit the range of alternatives to be considered or which would have an adverse effect on the environment, such as the initiation of construction, will result in project ineligibility.

Environmental review will be accomplished pursuant to RBS environmental regulations found at 7 CFR part 1940, subpart G or successor regulations. A site visit will be scheduled, if necessary, to determine the scope of the review. The applicant will be notified regarding the level of review required. If an environmental review cannot be completed in sufficient time for grant funds to be obligated by September 30, 2003, grant funds will not be awarded.

Eligible and Ineligible Uses for RBS Grant Funds

RBS grant funds may be used for the following as a part of an eligible project:

1. Purchase and installation of equipment;
 2. Construction or improvements;
 3. Energy audits;
 4. Permit fees;
 5. Professional service fees;
 6. Feasibility studies;
 7. Business plans, and
 8. Retrofitting.
- Ineligible uses for RBS Grant Funds:
1. Land acquisition;
 2. Capital leases;
 3. Working capital;
 4. Residential improvements;
 5. Agricultural tillage equipment;
 6. Vehicles;
 7. Preparation of the grant application;
 8. Waste collection;
 9. Funding of political or lobbying activities;
 10. Operating, maintaining, routine repairs, or fuel costs for biogas or biomass renewable energy projects;
 11. Production, collection, and transportation of energy inputs;
 12. Construction of a new facility except when the new facility is used for the same purpose, is approximately the same size, and, based on the energy audit, will provide more energy savings than improving an existing facility. Only the items identified in the energy audit of the existing facility will be eligible for funding. (pertains to energy efficiency projects only); and
 13. Costs paid prior to an application being received by RBS except for predevelopment costs such as energy audits, feasibility studies, business plans, permit fees, or architectural and engineering fees.

Leveraged Funds

RBS grant funds may be used to pay up to 25 percent of the eligible project costs. Therefore, the applicant must provide at least 75 percent of leveraged funds to complete the project. Leveraged funds will be verified from information provided in the application. In-kind contributions and other Federal grants may not be used to meet the 75 percent requirement.

Application

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Applicants can only submit one application for renewable energy systems and one application for energy efficiency improvements. The maximum amount of grant assistance to one individual or entity will not exceed \$750,000. The following will constitute a complete application, which must be submitted by June 6, 2003.

1. Form SF-424, "Application for Federal Assistance."

2. Form SF-424C, "Budget Information—Construction Programs." Each cost classification category listed on the form must be filled out if it applies to your project. Any cost category item not listed on the form that applies to your project can be put under the miscellaneous category. Attach a separate sheet if you are using the miscellaneous category and list each miscellaneous cost by not allowable and allowable costs in the same format as on the SF-424C form. All project costs must be categorized as either eligible or ineligible.

3. Form SF-424D, "Assurances—Construction Programs."

4. AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters—Primary Covered Transactions."

5. AD-1049, "Certification Regarding a Drug-Free Workplace Requirements."

6. Form RD 400-1, "Equal Opportunity Agreement."

7. Form RD 400-4, "Assurance Agreement."

8. "Certification for Contracts, Grants and Loans," required by Section 319 of Public Law 101-121 if the grant is \$100,000 or more.

9. If the applicant has made or agreed to make payment using funds other than Federal appropriated funds to influence or attempt to influence a decision in connection with the application, Form SF-LLL, "Disclosure of Lobbying Activities," must be completed.

10. A project-specific feasibility study prepared by a qualified independent consultant will be required for all renewable energy system projects. An acceptable feasibility study must include an analysis of the market, financial, and management feasibility of the proposed project. The feasibility study must include an opinion and a recommendation by the independent consultant. Energy efficiency improvement projects do not require a feasibility study to be completed.

11. If the project involves interconnection to an electric utility, a copy of a letter of intent to purchase power, a power purchase agreement, or an interconnection agreement will be required from your utility company or other purchaser for renewable energy systems.

12. Table of Contents. For ease of locating information, each proposal must contain a detailed Table of Contents immediately following the required SF-424 forms. The Table of Contents should include page numbers for each component of the proposal. Pagination should begin immediately following the Table of Contents.