ENVIRONMENTAL LAW & POLICY CENTER

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to the
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Good morning Chairman Scott, Ranking Member Thompson, and members of the Committee. I am Andy Olsen, a Senior Policy Advocate with the Environmental Law & Policy Center (ELPC), the Midwest's leading environmental legal advocacy and sustainability innovation organization. Thank you for inviting me to testify this morning.

ELPC has been involved in the creation and continuation of the Rural Energy Program for America Program (REAP) since 2002. I have worked on rural energy since 2004 when I traveled the country talking about REAP with farm groups, REAP recipients and others. ELPC is also a member of the Ag Energy Coalition which leads with us in supporting REAP and other Farm Bill Energy Title Programs. We've learned a few lessons along the way.

The Rural Energy for America Program (REAP) has always enjoyed bipartisan support. It serves America in many ways and can help the country cope with rising energy costs, climate risk, and rural economic growth. REAP is broadly beneficial; it serves every agricultural sector and has reached every state in the union. And with smaller farms struggling under dire conditions, REAP helps to lower costs and generate new farm income.

REAP is a popular program with demand for grants and loan guarantees exceeding funding by an average 4.5 times over the past 10 years. Over 20,000 awards for grants and loan guarantees have been made on a competitive basis since 2003. Since 2014 REAP leveraged over $7 billion in private investment in rural America.

Some examples of how REAP serves the country:

- Farmers and ranchers of all types have used REAP to harvest the wind and the sun to power their operations and have used energy efficiency to cut energy costs. In the process, agriculture becomes more resilient to energy disruptions.
- Corn growers have used REAP extensively to modernize and reduce energy waste.
- With REAP many syrup makers now use low energy molecular sieves to reduce costs of heating sap.

- Rural electric cooperatives benefit from REAP in their own and their members' facilities with an emphasis on efficient energy use.
- Greenhouse growers have found REAP valuable for cutting energy waste and costs.
- Local grocers have embraced REAP to better compete and to stay in business with better refrigeration, lighting and other technologies. Keeping doors open for local grocers and other locally owned small businesses helps the entire community.

By providing grants and loan guarantees to agricultural producers and rural small businesses for energy efficiency and renewable energy, REAP invests in rural America's future. Energy efficiency helps producers protect profitability by providing a hedge against rising energy costs. Renewable energy stabilizes energy costs over the long term. Many producers have used REAP to implement farmer-owned energy systems in rural areas. We can do more to substantially accelerate and broaden clean technology deployment.

REAP benefits the nation with more clean energy, stronger rural economies and a healthier environment. Modernizing energy technologies also helps retain and recruit young people to farming.

Significant changes are needed to update REAP to help the country face present challenges, which we call "REAP 3.0."

The 2023 Farm Bill is an opportunity to expand and strengthen REAP to help decarbonize energy sources and electrify energy usage. This has already happened for years under REAP and we can do more with program enhancements and increased funding. Reducing climate risks and increasing climate resilience increases national security -- especially among food producers. The risks are grave but we can overcome them, pulling together to confront this clear and present danger.

American farm groups recognize the threat of climate change to our future and the need to act. Climate change is already a competitive factor in commodity markets as buyers increasingly seek goods with a lower carbon footprint. REAP helps farmers lower their carbon footprint and meet market demand. REAP and other Energy Title programs provide US agriculture a seat at the table to help confront and adapt to climate disruption while taking part in the clean energy economy. It's why the USDA identifies REAP as a top program for confronting climate change.

We've seen over and over that outreach and education efforts result in more projects. For this reason, we recommend strengthening the Energy Audit and Renewable Energy Development Assistance program (EA/REDA). EA/REDA provides grants to institutions such as universities, states, and rural electric cooperatives to provide these services and can serve more people better if funds were made available to nonprofits such as Energy Districts. To operate on the scale needed the EA/REDA set aside should be raised and program funds should be available year-round. Applications addressing both energy efficiency and renewable energy in one project should be eligible to implement more projects. To bring more projects to fruition, technical assistance should be explicitly added as a function.

Some examples from the states of effective education and outreach:

- From the early days groups such as the Mississippi Farm Bureau promoted REAP to help poultry growers to increase their profit margins with energy efficiency. Poultry groups use and strongly support REAP to this day.
- The Iowa Farm Bureau led a very effective education and outreach program that helped farmers use REAP for wind power, energy efficiency and solar.
- In Nebraska outreach efforts have resulted in hundreds of irrigation efficiency project improvements that replace diesel motors with efficient electric motors and often improve water efficiency.

REAP can contribute to the Congressional goals of retaining and recruiting young people in farming as well as doing right by historically underserved producers. REAP 3.0 proposes adding 25% to the cost share for these agricultural producers to advance on these goals and better serve the nation.

REAP can reach more producers if we continue to simplify the application process. To further expand the reach of REAP, a streamlined rebate option would aid smaller operators and reduce the application burden. A REAP rebate would only be used for pre-approved technologies such as energy efficiency and smaller scale renewables. The rebate program would serve more qualified parties due to a simplified application and reduced application costs.

The Committee can also simplify REAP applications by a simple adjustment in the 3-tier application system added in the 2014 Farm Bill. Under the 3-tier application system small projects, defined as grants of $20,000 and lower, have less complex application requirements. Given the time that's passed, experience gained and improvements in energy technologies, we recommend raising the threshold for the lower tier to $50,000. This will reduce application complexity for more farmers, ranchers and rural small businesses.

To build on REAP's success, increased funding is needed to reach more agricultural producers and rural small businesses. REAP is popular and demand regularly exceeds funding. Existing funds are spread thin across the country and additional funding will help build more rural projects. With additional funding, REAP can provide more climate solutions while helping agriculture and rural communities to adapt to, and prosper in, a low carbon future.

We encourage Congress to substantially increase REAP mandatory funding from $50 million to, at least, $500 million per year, via budget reconciliation. Funding should include an upfront investment of $1 billion to accelerate clean energy and energy efficiency investments across rural America. With higher funding the cost share for grants should be 50% for all projects, commensurate with other USDA programs. Such funding levels are supported by a broad range of nearly 200 stakeholders. If this is not accomplished via reconciliation, the Ag Committees and appropriators should expand REAP funding via the annual appropriations process and the upcoming Farm Bill.

Consumers, including farmers, need reliable information on energy equipment to make informed choices. A "Farm Energy Star" program based on the EPA's Energy Star program would accelerate development and

deployment of energy efficient technology. The program would provide performance data and standards, baseline energy use by sector, technology, product, etc. This focus will also help to drive technology improvements by product manufacturers.

We, along with the Ag Energy Coalition, recommend creating a reserve fund for underutilized renewable energy technologies in REAP to support a full range of clean energy options for farmers and rural small businesses. Done right, the fund would grow markets that drive energy-saving innovation and lower costs for key technologies.

ELPC appreciates the bills that would strengthen and update REAP submitted by Rep. Pingree and Rep. Spanberger. Rep. Spanberger's bipartisan REAP Improvement Act strengthens REAP resources and advances key concepts we need now for a significant REAP upgrade. Rep. Pingree's Agriculture Resilience Act provides important program innovations and funding vision

Other Energy Title programs provide similar benefits. The Ag Energy Coalition recommends changes to the Biorefinery Assistance and Bio-preferred programs as follow:

- The Ag Energy Coalition recommends the Biobased Markets Program would be more effective with additional funding, directed outreach to small biobased businesses, options for cost-share grants, creation of a minimum requirement for agency biobased contracts, and lower minimum purchase price thresholds.

- The Ag Energy Coalition recommends the Biorefinery Assistance Program be strengthened by making explicit that USDA must award loan guarantees to proven commercial enterprises with strong applications, with fewer constraints for first of their kind technology ventures and by making the program feedstock neutral with a minimum greenhouse gas performance measure and consideration for making sustainable aviation fuel a higher priority.

REAP is the "Rural Energy for America Program." An important part of that is the "for America" part and REAP does serve the nation in many ways. With the adjustments described above, and others, Congress can provide to the American people a major upgrade to REAP 3.0 to serve many national purposes with one program.

America has the talent and resources to overcome the many daunting challenges we now face. One resource we need to tap used to be called the "American can-do spirit." Now, more than ever, we need that spirit and to work together for the future of our country and people and ensure that rural America can play a leading role. We can do this!