United States Department of Agriculture

Value-Added Producer Grant
Anaerobic Digesters

This document is for informational purposes only. If interested in applying, you *must* review the program regulation 7 CFR part 4284 subpart J and the Notice of Funding Availability for complete eligibility and documentation requirements.

General

- Grant funds are available for economic planning activities or for working capital expenses related to the processing and/or marketing of value-added products that result from NEW or EXISTING digester projects, subject to program limitations.
- NEW digester proposals may include renewable energy generation components and post-digestion components as value-added products.
- EXISTING digester proposals may include post-digestion components only.

Example Ineligible Projects:

- Adding an additional generator to a previously existing system, design engineering work, use of funds for equipment acquisition, or if the system is owned by a third party outside a MTVC project.

Example Eligible Costs under a Planning Grant: Economic Planning Activities

- Third-party feasibility analyses, including utility interconnection study, market survey, compositional analysis of feedstock options, financial or economic analyses, identification and analysis of equipment options
- Business operations planning for a value-added venture
- Legal or consultant costs related to required permits, such as a Certificate of Public Good (DPS), environmental permit (air), draft or review of proposed interconnection and/or power purchase agreements, regulatory compliance issues, etc.

Example Eligible Costs under a Working Capital Grant: Operating costs directly related to the processing and/or marketing of the value-added product

- Utility interconnection fees
- Fuel to heat the digester to mesophilic temperatures at start-up
- Computer supply costs for owner’s on-site monitoring of the system outputs, IF less than $5k per unit acquisition cost AND with one year or less useful life

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- Monthly fees for communication lines to utility or engineering firm for monitoring by remote telemetry
- Labor costs for monitoring system inputs (co-feeds) and outputs (electricity, thermal energy, GHG emission and carbon credit reductions, renewable energy credits, bio-fibers such as compost, bedding, etc.), IF costs do not include payments to grantee owners, family members or other parties with a stake in the outcome of the project
- Actual utility costs to operate the system, established via a separate meter or an estimate based on a published parasitic load for the equipment installed
- Legal costs to negotiate, interpret, or draft Interconnection and/or Power Purchase Agreements, monitor tariff changes, market conditions etc.
- Purchase of co-feedstock to generate renewable energy. The grantee must own and produce 51% or more of the agricultural commodity used to produce the renewable energy, and may buy up to 49 percent of the same agricultural commodity from a third party for increased energy production. Other agricultural commodities or substrates not produced by the grantee may be purchased from a third party and used as co-feeds, as long as they were identified in the feasibility study, or grantee receives prior written approval from the Agency.

Resources: Applications must meet ALL program requirements

- VAPG website: http://www.rd.usda.gov/programs-services/value-added-producer-grants
- Application Toolkits
- Program Regulation 7 CFR 4284-J published May 8, 2015
- FY2017 Program Notice published August 29, 2017
- Program Information Sheets
- Rural Development State Offices: 1-800-670-6553, then press “1” or http://www.rd.usda.gov/contact-us/state-offices.
- Agricultural Marketing Resource Center website: http://www.agmrc.org
- USDA Energy Investment Map: http://www.usda.gov/energy/maps/maps/Investment.htm