



Photo: Connexus Energy

Funding freeze hits rural energy grant recipients

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Farmers and rural businesses that spent money to make their operations more energy efficient are waiting for reimbursement from the Agriculture Department due to a freeze on payments under the Rural Energy for America Program.

At least some REAP grantees report they have not received expected payments for installing solar panels, grain dryers, and other energy production or efficiency projects.

Lloyd Ritter, the director of the Ag Energy Coalition, told *Agri-Pulse*

he's gotten dozens of phone calls from farms and rural businesses across the U.S. about frozen REAP grants. To his knowledge, disbursement of money for all REAP projects funded through the Inflation Reduction Act has been paused.

"It's a concern because a lot of these businesses have already stretched their dollar to make clean energy work for them, to lower their energy costs and stabilize income streams," Ritter said. "To have this pause wreaks some havoc on those farmers and rural small businesses that are engaged in REAP and waiting for the funding to come through."

Maryland farmer Michael Protas is currently waiting on the USDA to provide him with \$50,000 for solar panels that were installed in December. He's taken out a loan to cover the full \$100,000 tab, which he will soon have to start paying off, while he waits on the agency to provide the \$50,000 payment.



Lloyd Ritter

So far, he said his bank has been willing to give him a bit more time due to the funding freeze. But eventually, he'll have to begin making those payments, he added.

"I would assume a government with a contract would honor it," Protas said. "I didn't know this administration would be run like monkeys in a barrel. They don't know what they're doing, so they don't honor their contracts."

A statement provided by a USDA spokesperson said Agriculture Secretary Brooke Rollins is reviewing programs that have been on hold and is working to make determinations "as quickly as possible." She "understands that farmers have made decisions based on these funding opportunities, and that some have been waiting on payments during this government-wide review."

The statement said Rollins "looks forward to sharing more information later this week."

REAP, created by the 2008 farm bill and administered by USDA's Rural Development division, provides grants and guaranteed loans for on-farm renewable energy sources like solar, biomass, wind and geothermal, just to name a few. It also funds adoption of energy-efficient technologies like grain dryers.

The farm bill provides REAP approximately \$50 million in funding each year, while the Inflation Reduction Act added around \$180 million in funding per year to the program through fiscal 2027, Ritter said.

A 2022

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analysis of program (<https://www.agri-pulse.com/articles/18443-solar-projects-dominate-reap-program-funding>) funding data found that more and more annual REAP funding is going for solar, the

most popular project type in recent years. Some of the IRA funding was earmarked for "underutilized renewable energy technologies" in an effort to help steer some dollars toward less popular types of energy projects.



Justin Barnhart

Justin Barnhart, a grant writer based in northwestern Ohio who works with farmers on REAP applications, said roughly 60 of the grantees he's worked with have been affected by the freeze. Some of them have paid between \$200,000 and \$500,000 for their projects and are now waiting to be reimbursed for up to half of what they spent, he said.

"They need to speed up their review," Barnhart said of USDA. "Now that Brooke Rollins is in, she needs to make this a priority."

Rob Hach, the CEO of Iowa-based wind and solar company Trusted Energy, said 13 REAP projects his company was slated to help with construction on are currently frozen. He said he has had to lay off employees.

"Without the grants, we just keep having to let people go," he said.

Ritter, the Ag Energy Coalition executive director, said he hopes to see Rollins lift the pause, emphasizing the program's focus on expanding rural Americans' access to energy.

"It's literally the Rural Energy for America program," Ritter said. "It is America first. It is about lowering energy costs and energy dominance from a local farm level and rural business level. So I think it's very consistent with all of the goals of the new administration."

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