



Fact Sheet – Rural Energy Savings Program Act (RESPA)

Background:

- The National Rural Electric Cooperative Association (NRECA) is a not-for-profit, national service organization that represents over 900 not-for-profit, member-owned, rural electric utilities, which serve 42 million customers in 47 states.
- For years, electric co-ops across the country have provided information and advice to consumers to help them use electricity more efficiently and cost-effectively. The wide range of assistance includes rebates for energy-efficient appliances, the replacement of compact fluorescent light bulbs, and time of day rates to encourage off-peak usage.
- 96% of electric cooperatives nationwide operate efficiency programs while 70% of co-ops offer financial incentives to promote greater efficiency.
- Midwest Energy, in Hays, Kansas, has saved almost 1.4 million kilowatt hours per year through the cooperative's "How\$mart" program, a ground-breaking on-bill financing initiative to help consumer-members overcome the cost hurdles standing in the way of energy efficiency improvements.
- Central Electric Power Cooperative (Central) and The Electric Cooperatives of South Carolina (ECSC) commissioned a report on their "Help My House" Loan Pilot Program that provides on-bill financing for consumer-owners to make energy efficiency improvements to their homes. For the 125 participating South Carolina homes, there was a 34% reduction in total energy use (or 1.35 million kWh) in the year following the completed improvements, with an average savings of \$288 per home per year even while making the loan payment.
- Hoosier Energy in Indiana successfully utilized the federal stimulus program to weatherize more than 2,000 homes through consumer home improvement initiatives. New Hampshire Electric Cooperative also runs an on-bill financing program for businesses.
- Accordingly, NRECA supports legislative proposals such as The Rural Energy Savings Program Act (RESPA) that would assist rural electric co-ops in offering or expanding efficiency programs like the South Carolina co-ops offer. NRECA believes that RESPA would be a powerful tool that electric co-ops can use to enable their member-owners to maximize energy efficiency.

How the Rural Energy Savings Program Works:

- RESPA is a voluntary program that will create jobs and lower energy bills for families, farms, and small businesses by promoting energy-saving improvements to homes and buildings in rural communities.
- The program will assist rural electric co-operatives in offering low-interest loans to their consumer-members for efficiency improvements, allowing repayment of the loan through savings on monthly electric bills.
- Individual co-ops or state-based groups of co-ops will apply to the Rural Utilities Service (RUS) within the United States Department of Agriculture (USDA) for loans to fund local energy efficiency programs.
- RUS loans to the co-op for efficiency programs will bear a 0 percent interest rate. The co-op can re-lend to consumer-members for efficiency improvements at low-interest to defray the cost of administering the program.
- Trained auditors and contractors will conduct an energy audit to determine what efficiency improvements are warranted.
- A start-up loan of 4% of the total loan amount may be provided to the RUS borrower for funds to begin the process for the first consumers.
- Typical consumer loans will cover sealing, insulation, HVAC systems, boilers, and other improvements tied to the structure of the home that the utility has demonstrated to RUS will produce sufficient energy savings.
- Participating consumers repay the co-ops through an extra charge on their utility bills within 10 years. The energy savings from the upgrade will cover most, if not all, of the cost of the loan.

Status of the Rural Energy Savings Program:

- RESPA continues to receive bipartisan support in Congress and the Executive Branch.
- Rep. James Clyburn (D-SC) was the original author of RESPA in the 111th Congress (H.R. 4785) which passed the House on September 16, 2010 by a vote of 240-172.
- Last Congress, RESPA was also introduced as a stand-alone bill in the Senate (S. 2216) by former Senator Lugar (R-IN) and Senator Merkley (D-OR).
- In 2012 and 2013, a version of RESPA was included in both the House and Senate Farm Bill reauthorizations.
- RESPA remains under the House and Senate Agriculture Committees' jurisdiction.