



EESI

Environmental and
Energy Study Institute

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CONGRESSIONAL BRIEFING

**Financing Inclusive Clean Energy Investments in
Rural America**

**Briefing Series | Agencies in Action: Federal
Programs That Deliver Climate Mitigation and
Adaptation Benefits Every Day**

Tuesday, February 08, 2022

About EESI...



NON-PROFIT

Founded in 1984 by a bipartisan Congressional caucus as an independent (i.e., not federally-funded) non-profit organization



NON-PARTISAN

Source of non-partisan information on environmental, energy, and climate policies



DIRECT ASSISTANCE

In addition to a full portfolio of federal policy work, EESI provides direct assistance to utilities to develop “on-bill financing” programs



SUSTAINABLE SOCIETIES

Focused on win-win solutions to make our energy, buildings, and transportation sectors sustainable, resilient, and more equitable

Polycymaker Education

Briefings and Webcasts



Live, in-person and online public briefings, archived webcasts, and written summaries

Climate Change Solutions



Bi-weekly newsletter with everything policymakers and concerned citizens need to know, including a legislation and hearings tracker

Fact Sheets and Issue Briefs



Timely, objective coverage of environmental, clean energy, and climate change topics

Social Media (@EESIOnline)



Active engagement on Twitter, Facebook, LinkedIn, and YouTube





The USDA Rural Energy Savings Program

*EESI Virtual Briefing
Financing Inclusive Clean Energy Investments in Rural America*

February 8, 2022

Program Evolution

Agricultural Act of
2014
(Farm Bill)

Appropriations
Acts of 2016 and
2018

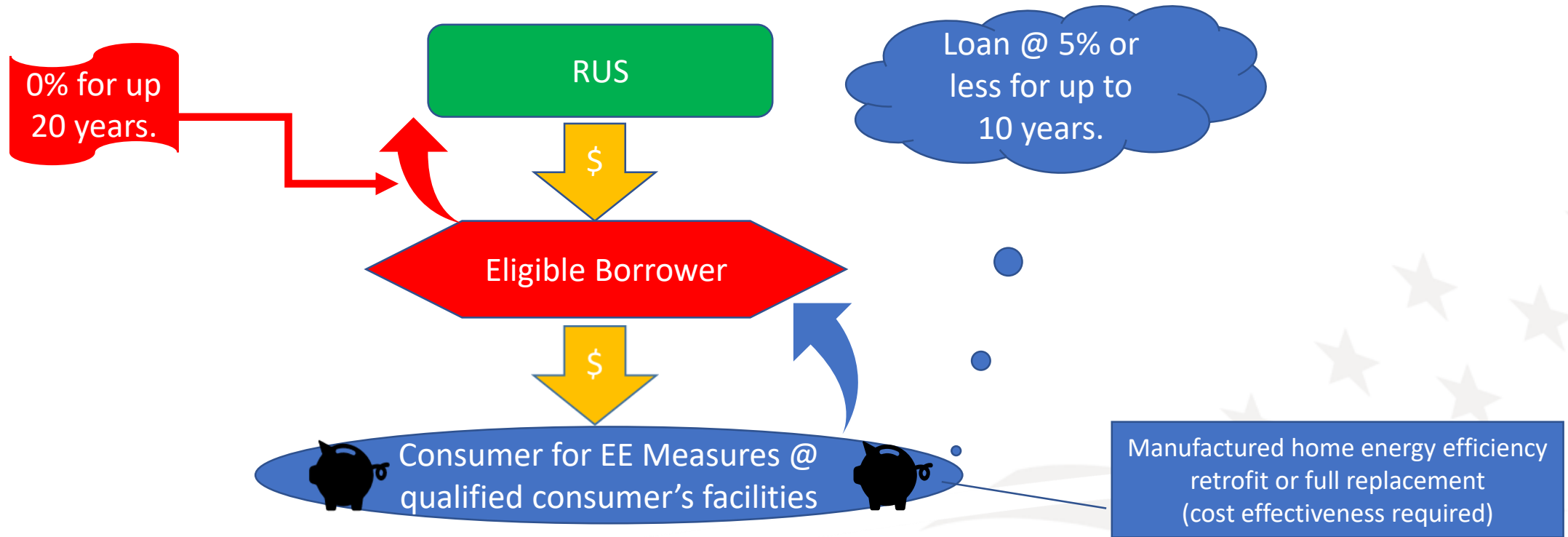
Agricultural
Improvement Act
of 2018

7 CFR Part 1719
(Program
Regulation)
April 2, 2020

Notices of
Solicitations for
Applications

Current Status = Open
NOSA Released (12/15/20)

RESP Overview



Who Can be a RESP Borrower?

- **any** public power district, public utility district, or similar **entity**, or any electric cooperative **that borrowed and repaid, prepaid, or is paying an electric loan** made or guaranteed by RUS;
- any entity **primarily owned or controlled by** 1 or more **entities described above**; or
- **any** other corporations, states, territories, and subdivisions and agencies thereof; municipalities; people's utility districts; and cooperative, nonprofit, limited-dividend, or mutual associations **that provide or propose to provide eligible purposes under RESP, including energy efficiency, renewable energy, energy storage or energy conservation measures and related services, improvements, financing, or relending.**

Program Profile

- As of FY2021, 31 approved loans.
- Approved loan sizes range from \$150k to \$50 Million.
- Approved average loan size \$6.96 Million.
- Approved loans with significant renewable energy elements increasing.
- One full manufactured home replacement loan for energy efficiency made to an electric cooperative.
- FY 22 funding – currently in excess of \$200 Million available

RESP Eligible Activities (Energy Efficiency Measures)

- i. Lighting Improvements (Residential and commercial)
- ii. HVAC Systems
- iii. Building Envelope Improvements
- iv. Water Heaters
- v. Compressed Air Systems
- vi. Motors
- vii. Boilers, Dryers, Heaters and process related equipment
- viii. Energy Audits
- ix. On or Off Grid Renewable Energy Systems
- x. Energy Storage Devices
- xi. Energy Efficient Appliance Upgrades (fixed to real property)
- xii. Irrigation or Water and Waste Disposal System Efficiency Improvements
- xiii. Replacement of Manufactured Homes
- xiv. Electric Vehicle Chargers in behind the meter applications
- xv. Other Approved Activities and investments directly related to Energy Efficiency Implementation

Popular RESP Eligible Activities

- Building Envelope Improvements
- HVAC Upgrades and Replacements
- EV Chargers, battery storage, etc.
- Solar (PV) and other clean energy projects

Consolidated Appropriations Act of 2021...

- ...The Secretary may allow eligible entities, **or comparable entities that provide energy efficiency services using their own billing mechanism to offer loans to customers in any part of their service territory** and to offer loans to replace a manufactured housing unit with another manufactured housing unit, if replacement would be more cost effective in saving energy.
- FY 2021 Budget Authority is \$11 Million available until expended

Makeup of a RESP Budget

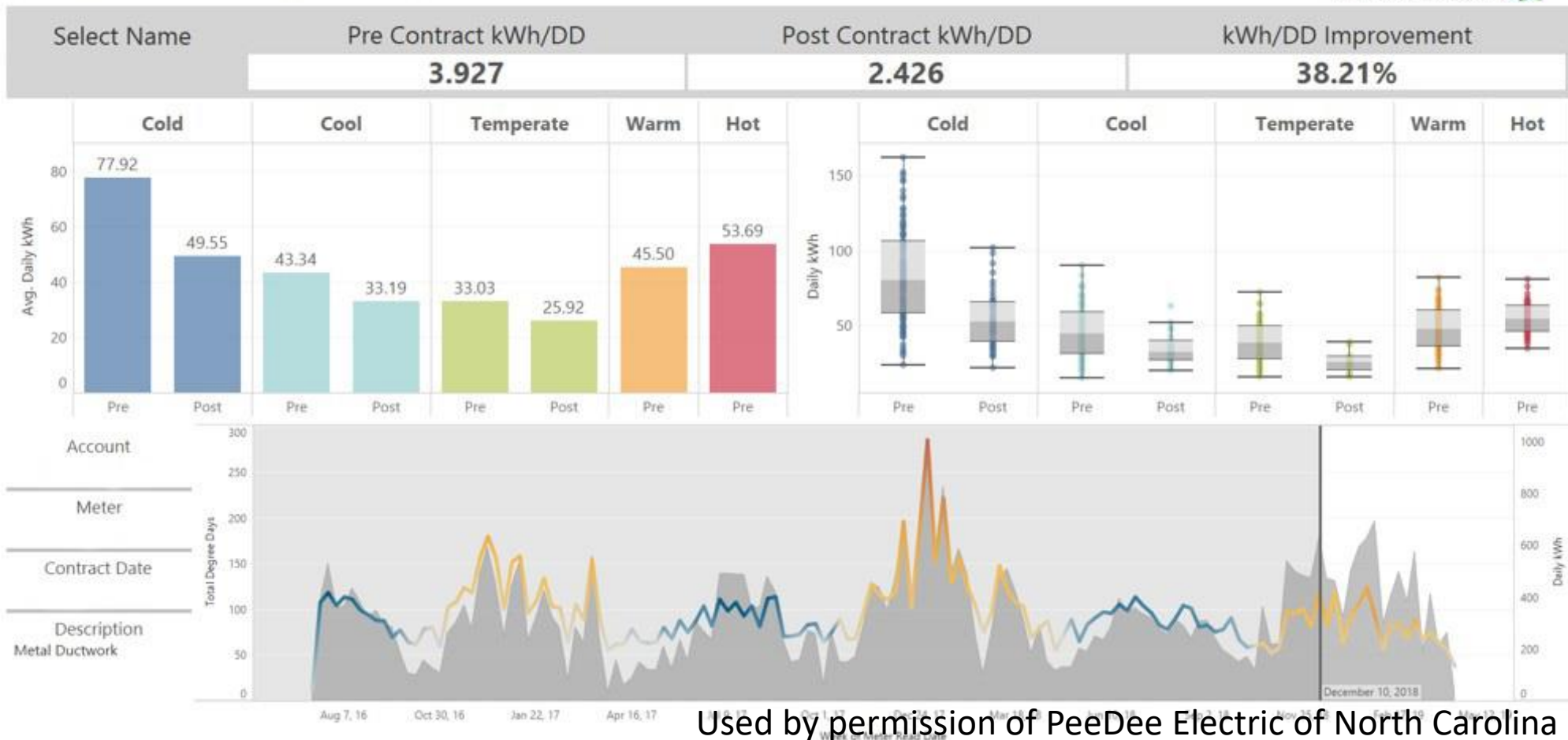
- Budget Authority (Government cost, not loan funds available)
 - FY Funding
 - No Year Money (available until expended)
- Subsidy Rate
 - What is it?
 - How is it calculated? (Includes cost of capital, operational costs, and the delinquency rate)
 - How is it determined?
- Total Budget Calculation is the BA divided by the subsidy Rate

Success Stories From Our Borrowers - Umatilla Electric Cooperative (Oregon)

- UEC's energy efficiency loan program, over 10 years from 2009-2018, made 23 loans at 5% interest.
- On the final week of December 2021, UEC's Energy Loan Saver program exceeded \$500,000 for the year and \$1 million since it started in January 2019. More than 100 members have received loans at 1.99 percent for heat pumps, windows and insulation.
- On-bill financing makes it easier for members to apply and be qualified. 88% of loan applicants are approved, based on their bill payment history, and if that's a bit shaky, a review of their credit report. **We have had no member loan defaults since we began RESP.**
- Most of our participants have been referred by HVAC installers. (Rather than advertising.) The program helps installers provide heating and cooling to more customers, and they are quick to refer customers to us for financing.

Success Stories From Our Borrowers – PeeDee Electric (NC)

Efficiency Contract Analysis - Individual Accounts



Used by permission of PeeDee Electric of North Carolina

Energy Efficiency Benefits- Three Perspectives

- Consumer
 - Reduced energy costs
 - Quality of life
- Cooperative
 - Peak Reduction
 - Reduce infrastructure costs
- Society
 - Decarbonization through EE measures
 - Reduce impact on social programs (Energy assistance, healthcare, schools)

Questions?

RUS Electric Program GFR Link:

<https://www.rd.usda.gov/contact-us/electric-gfr>

USDA Rural Energy Savings Program Link:

<https://www.rd.usda.gov/programs-services/rural-energy-savings-program>

Contact Information :

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Together, America Prospers










NICBA CLUSA

THE NATIONAL COOPERATIVE BUSINESS ASSOCIATION | CLUSA INTERNATIONAL

Cooperatives today...

- U.S. co-ops provide nearly **2 million jobs** and create more than **\$75 billion in annual wages** with a **revenue of \$650 billion**.
- Food co-ops **reinvest in their communities** an average of **14% more** than conventional grocers.
- Nearly a million of the nation's farmers belong to a co-op, accounting for **55% of total US agriculture sales**.
- There are **3 million co-ops globally**. Their members account for **12% of the world's population**.

	Over 65,000 co-ops
	Electric co-ops power 20 million homes, schools and businesses
	1 in 3 people are members of a co-op



Benefits of Cooperative Ownership

- Meeting a need that private markets and government services are not meeting
- Higher survival rates and greater commitment to community
 - Spurs further local economic development and growth
- Gives people who use and benefit from the good or service to have a voice



ELECTRIC CO-OP IMPACT BY THE NUMBERS



ELECTRIC CO-OPS
POWER OVER
20 MILLION
BUSINESSES, HOMES,
SCHOOLS AND FARMS IN
47
STATES²



MORE THAN
900
ELECTRIC CO-OPS
OWN AND MAINTAIN
42%
OF U.S. ELECTRIC DISTRIBUTION
LINES, POWERING
56%
OF THE NATION'S LANDMASS³



ELECTRIC CO-OPS
CONTRIBUTE
\$88.4 BILLION
TO THE U.S. GDP
ANNUALLY⁴



ELECTRIC CO-OPS
SUPPORT
611,600
JOBS⁵



ELECTRIC CO-OPS
INVEST
\$12 BILLION
ANNUALLY IN LOCAL
ECONOMIES⁶

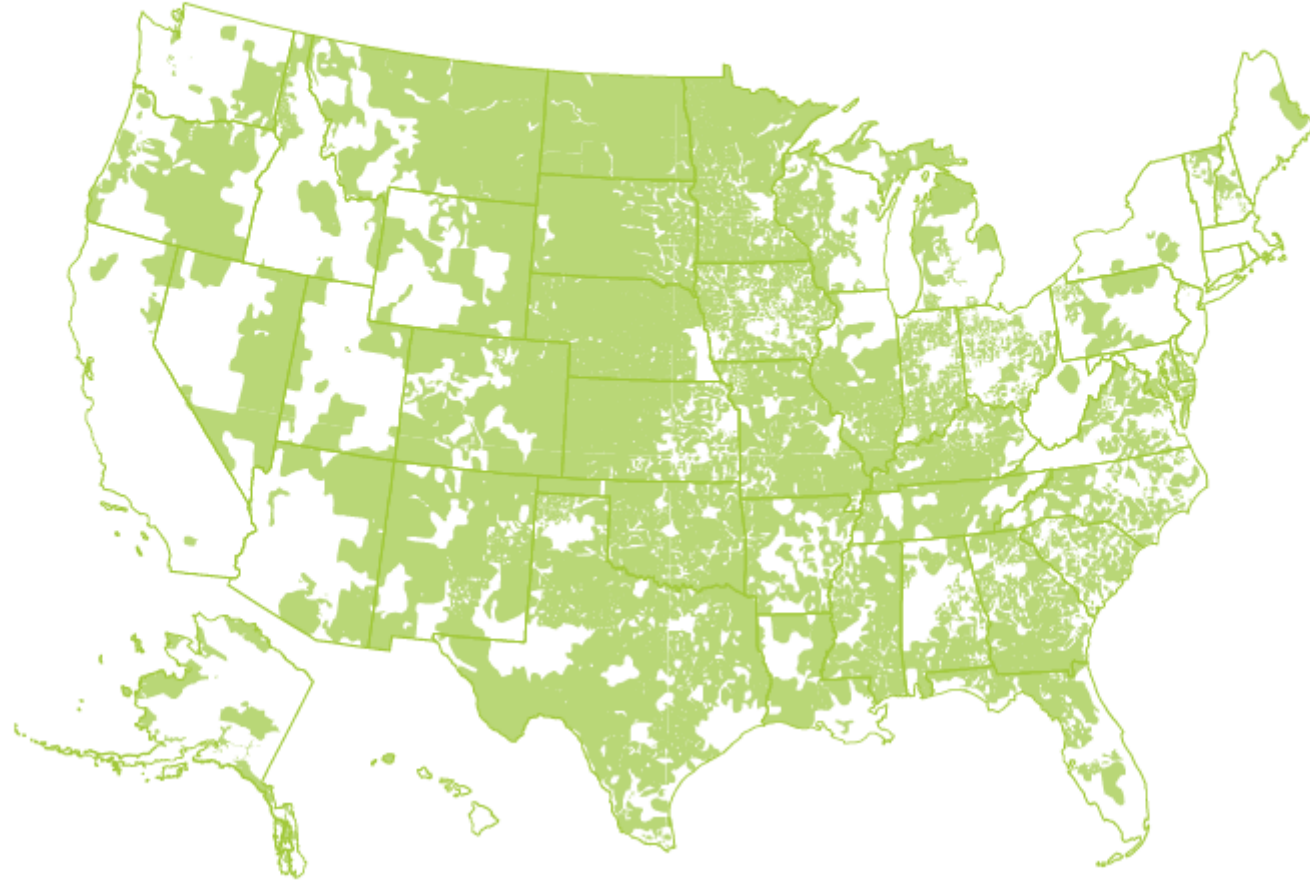


39%
OF RURAL AMERICA
LACKS BROADBAND
SERVICE
COMPARED TO 4%
IN URBAN AREAS⁷



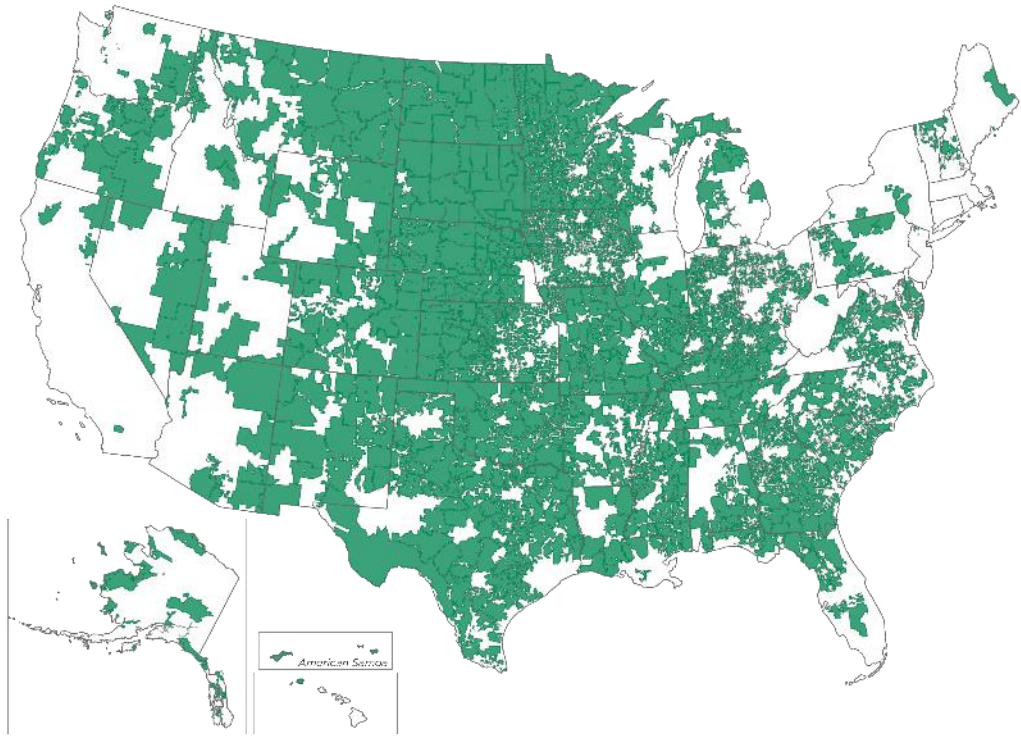
BARC ELECTRIC
COOPERATIVE BOOSTED
INTERNET SPEEDS FROM
3 MG TO 250 MG
AT A FRACTION
OF THE COST⁸

Cooperatives power
56% of the nation's landmass

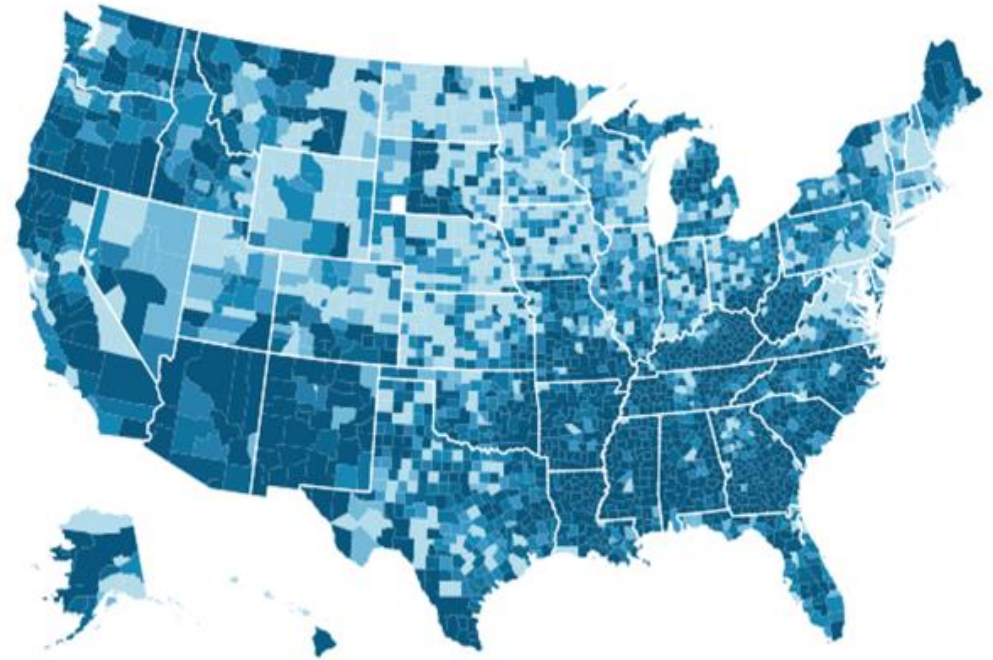


Source: National Rural Electric Cooperative Association

ELECTRIC CO-OP TERRITORY



HIGH POVERTY RATES



Reducing energy burdens can increase discretionary income

	Energy burden as % of household income
National	3.3%
Rural	4.4%
Low-income rural	9%

- Worse for elderly, non-white, renters and manufactured housing
- In some regions, more than 20% of rural households live in manufactured housing. About a quarter of all rural households are renters, the majority of them in single-family homes.

Rural Energy Savings Program

- Uses co-ops as an intermediary
- Zero to minimal up-front cost to households
- Supporting local businesses and jobs
- Benefits seen immediately
- Paid back on monthly utility bills



Doug O'Brien
President and CEO

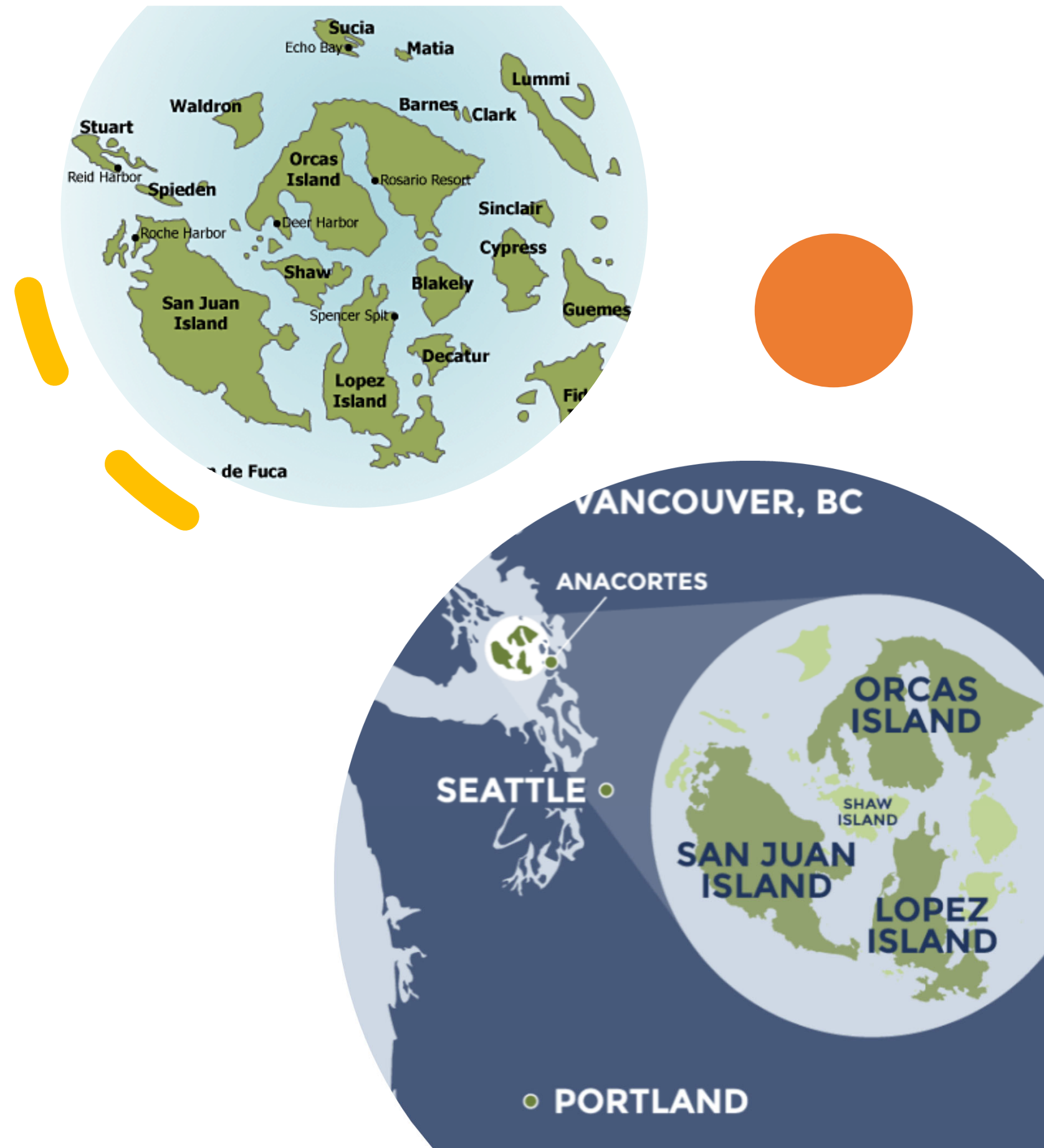
dobrien@ncba.coop
www.ncbaclusa.coop

Orcas Power & Light Cooperative



OPALCO - Background

- San Juan County in Washington State since 1937
- Distributes energy to 20 islands
- Employs approximately 50 people in the County, plus 36 at subsidiary
- Rock Island Communications - wholly-owned broadband subsidiary
- 15,235 meters connected
- 238 GWh purchased in 2021
- 15 distribution submarine cables
- 10 transmission submarine cables



Switch It Up!

Switch It Up! on-bill financing program:

- Began utilizing USDA's RESP program funding
- Initial design assistance from EESI & Collaborative Efficiency
- \$46.8M aggregate RESP fund availability
- Since 2019, financed over 220 member EE projects totaling over \$2M in relending

Expanding Program Measures:

- DHP, HPWH, EVSE
- Fiber to the Premise (FTTP) / EE bundle
- Community Solar subscriptions
- In-home battery storage & residential solar
- Weatherization measures

February 7, 2022



RESP's impact on the Co-op Role

- Expanding co-op role within community
- Increasing equity & inclusivity
- Positioning for the future
- Fostering partnerships
- Sharing lessons learned







ROCKISLAND

“Agencies in Action: Federal Programs That Deliver Climate Mitigation and Adaptation Benefits Every Day” Briefing Series



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-  **February 08** **Financing Inclusive Clean Energy Investments in Rural America**
-  **February 24** **Energy Efficiency Means Business**
-  **March** **Climate Adaptation Programs across Agencies**
-  **March** **Building a Durable National Framework for Large Landscape Conservation**



What did you think of the briefing?

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