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

Materials will be available at: www.eesi.org/020822fed
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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
Policymaker 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

Eligible Borrower

Consumer for EE Measures @ qualified consumer’s facilities

RUS

Loan @ 5% or less for up to 10 years.

0% for up to 20 years.

Manufactured home energy efficiency retrofit or full replacement (cost effectiveness required)
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.
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
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
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 - Umatilla Electric Cooperative (Oregon)
Success Stories From Our Borrowers – PeeDee Electric (NC)

Efficiency Contract Analysis - Individual Accounts

<table>
<thead>
<tr>
<th>Select Name</th>
<th>Pre Contract kWh/DD</th>
<th>Post Contract kWh/DD</th>
<th>kWh/DD Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.927</td>
<td>2.426</td>
<td>38.21%</td>
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</tbody>
</table>

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:
Bob Coates
Electric Program
Rural Development, Rural Utilities Service
Robert.Coates@usda.gov
www.rd.usda.gov
Together, America Prospers
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**.

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*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 states.
- More than 900 electric co-ops own and maintain 42% of U.S. electric distribution lines, powering 56% of the nation’s landmass.
- Electric co-ops contribute $88.4 billion to the U.S. GDP annually.

**Electric Co-ops** support 611,600 jobs.

Electric co-ops invest $12 billion annually in local economies.

39% of rural America lacks broadband service compared to 4% in urban areas.

BARC Electric Cooperative boosted internet speeds from 3 MB to 250 MB at a fraction of the cost.

Source: ABCs of Cooperative Impact, NCBA CLUSA
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

<table>
<thead>
<tr>
<th>Energy burden as % of household income</th>
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</thead>
<tbody>
<tr>
<td>National</td>
</tr>
<tr>
<td>Rural</td>
</tr>
<tr>
<td>Low-income rural</td>
</tr>
</tbody>
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• 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
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President and CEO

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

- **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?

Please take 2 minutes to let us know at:
www.eesi.org/survey

Materials will be available at:
www.eesi.org/020822fed

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