



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

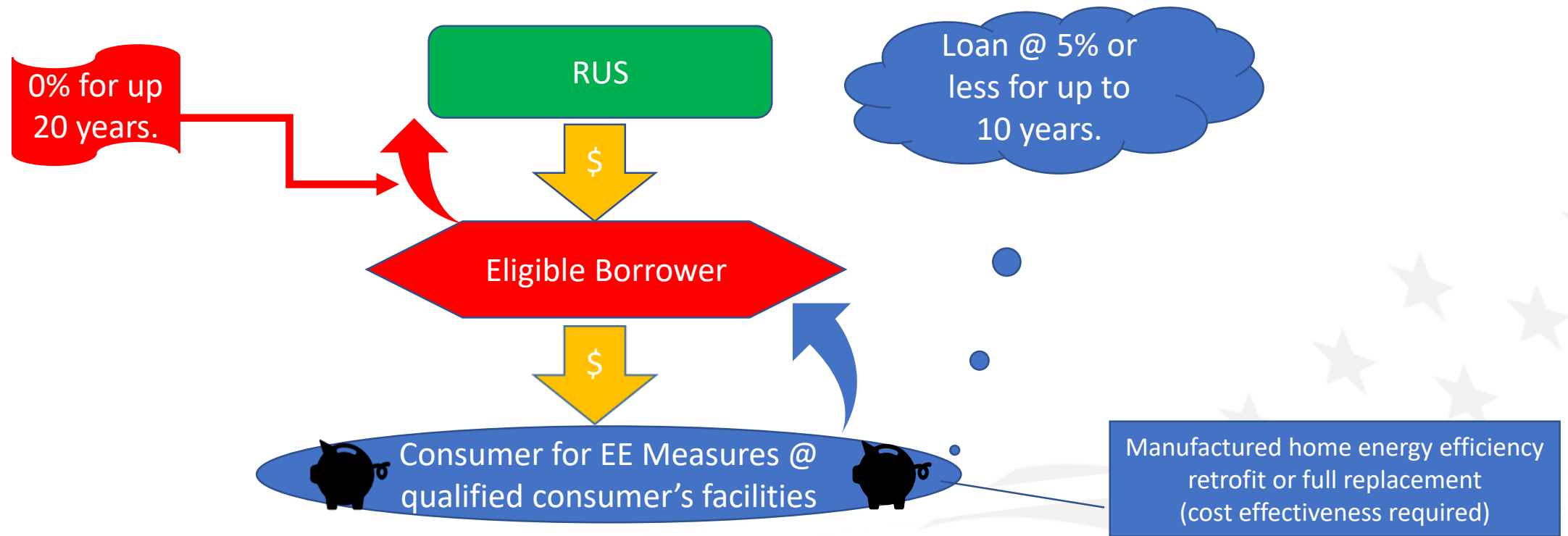
Agricultural
Improvement Act
of 2018

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

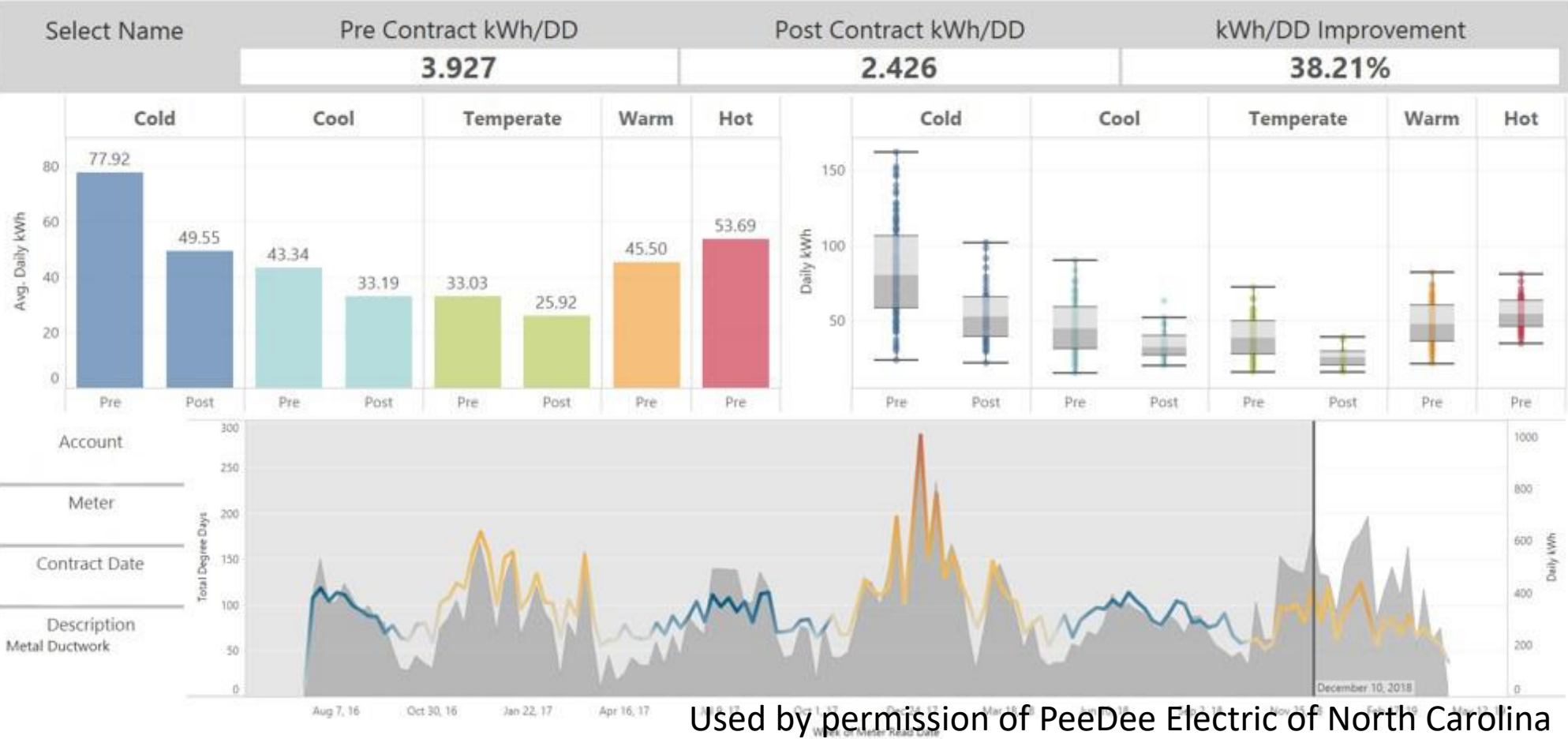
- Budget Authority (Government cost, not loan funds available)
 - FY Funding
 - No Year Money (available until expended)
- Subsidy Rate
 - What is it?
 - How is it calculated? (Includes cost of capital, operational costs, and the delinquency rate)
 - How is it determined?
- Total Budget Calculation is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

Bob Coates

Electric Program

Rural Development, Rural Utilities Service

Robert.Coates@usda.gov

www.rd.usda.gov

Together, America Prospers





Rural Development

U.S. DEPARTMENT OF AGRICULTURE