

May 11, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
Republican Leader  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable Charles E. Schumer  
Democratic Leader  
U.S. Senate  
Washington, D.C. 20510

Re: Support for innovative financing programs in a post-coronavirus economic stimulus package

Dear Speaker Pelosi, Leader McCarthy, Leader McConnell, and Leader Schumer:

We write in support of measures in a post-coronavirus economic stimulus package to encourage innovative energy efficiency and renewable energy financing programs for homeowners, renters, and small businesses. The negative effects of the coronavirus pandemic on communities are unprecedented and devastating. As Congress turns its attention to economic stimulus, the clean energy sector is an obvious starting point because of its potential to restore and create jobs, reduce waste, save money, and lower harmful air pollution and greenhouse gas emissions. And among the range of potential stimulus measures, innovative financing for cost-effective energy efficiency and renewable energy projects will deliver immediate and longer-term, self-sustaining benefits.

There can be tremendous economic, energy, and health benefits and emissions reductions from quickly-implemented, targeted incentives for homeowners, renters, and small businesses. These resources can be used to purchase and install energy efficiency and renewable energy measures. These incentives should have a place in post-coronavirus economic stimulus. But innovative financing is essential to leverage and enable grants, rebates, and tax incentives to be widely utilized and effective, stretching recovery dollars and sustaining the clean energy workforce and continue delivering savings and emissions reductions long after initial funds are depleted. Indeed, many innovative financing programs are designed with special consumer and quality protections for low- and moderate-income Americans, allowing these programs to complement the Weatherization Assistance Program to better serve those most in need of lower monthly utility bills. Congress should take care to ensure that innovative financing is among the range of eligible uses (by states, local governments, utilities, quasi-governmental financial institutions, etc.) of any post-coronavirus stimulus aimed at the clean energy sector.

In particular, Congress should support on-bill financing programs, which allow borrowers to repay the cost of energy efficiency measures and renewable energy installations over time through a utility bill line-item. Residential on-bill financing programs are offered by more than 60 electric cooperatives and public utilities across the country, especially in rural areas where families pay on average about 40% more for energy compared to their urban counterparts. These programs are currently helping homeowners and renters (including those with low and moderate incomes) and small businesses manage and afford their transition to a clean energy future. More recently, newer, more innovative on-bill programs in Washington, South Carolina, Hawaii, Arkansas, and other states have successfully introduced new program design elements (e.g., the use of a transferable tariff, which was the subject of a 2018 U.S. Department of Energy (DOE) issue brief, “Low-income Energy Efficiency Financing through On-bill Tariff Programs”) to enhance equity and promote ownership in disadvantaged communities and to

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identify sources of lending capital (e.g., private-sector capital and no-interest loans from the U.S. Department of Agriculture (USDA)).

Our experience with on-bill financing offered by rural electric cooperatives and municipal utilities is replete with examples of how programs, capitalized by no-interest USDA loans or other sources, reduce the up-front cost hurdle for homeowners and renters of improvements that deliver lower monthly energy bills. The end result for participating customers, including those with lower incomes or who live in rural or disadvantaged communities, is more affordable and sustainable housing without costly or restrictive debt obligations. The policy implications are far-reaching, including lower greenhouse gas emissions, increased access to money-saving home improvements, healthier homes, equity and ownership, and in some areas beneficial electrification of heating equipment and personal vehicles. Specifically, beneficial to post-coronavirus stimulus, on-bill financing programs would help catalyze an economic recovery by facilitating a return to work for energy efficiency and renewable energy contractors in rural, suburban, and urban communities.

Funding and clear guidance at the outset of post-coronavirus stimulus will provide the direction, clarity, and certainty needed to encourage innovative financing and leverage capital past the availability of one-time incentives. Specifically, Congress should increase funding for federal programs that support, or could support, on-bill financing programs, including USDA's Rural Energy Savings Program and DOE's State Energy Program. In addition, Congress should also ensure that any new (or renewed) programs, including the Energy Efficiency and Conservation Block Grant administered by DOE and any efforts to capitalize state or local "green banks", are specifically authorized to allow on-bill financing. States and local governments will be best equipped to arbitrate and decide which programs meet the needs of their residents, which argues for the range of options, including on-bill financing, to be available.

At your request, we stand ready to assist you and your colleagues as you assemble post-coronavirus stimulus to put our country on the road to long-term and lasting recovery. Our proposals always seek to accomplish multiple goals and solve multiple problems at the same time, which is the best use of our scarce resources. We wish you good health, good luck, and the wisdom to find effective, workable solutions for Americans at this critical time.

Thank you for your consideration.

Sincerely,

Daniel Bresette  
Executive Director  
Environmental and Energy Study Institute

Doug O'Brien  
President and Chief Executive Officer  
National Cooperative Business Association  
CLUSA International

David Terry  
Executive Director  
National Association of State Energy Officials

Steve Nadel  
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