USDA Announces New No-Interest Efficiency Loan Program for Rural Utilities

Good News for EESI's On-Bill Financing Project

Tuesday, June 21, 2016—The Environmental and Energy Study Institute (EESI) welcomes the announcement of the U.S. Department of Agriculture’s new Rural Energy Savings Program (RESP), which was published in today’s Federal Register. This new program, under the purview of USDA’s Rural Utilities Service (RUS), makes $52 million in zero-percent loans available to rural electric cooperatives and other rural energy providers for the purpose of relending the funds to homes and small businesses to make cost-effective energy efficiency improvements. Participants repay their utility for these improvements over time through a fixed charge on their monthly utility bills. This model has been implemented with great success by electric cooperatives and other utilities across the country.

Under the RESP zero-interest loan program, utilities may relend the capital to their members/customers at an interest rate of up to 3 percent; the proceeds can be used to help cover the utility’s program costs and/or create a loan loss reserve. RESP loans can be used for a wide variety of energy efficiency measures, providing the utility can justify the cost-effectiveness of the measures for the end-user.

Today’s announcement from RUS is a Notice of Solicitation for Applications (NOSA). To be considered for this initial round of RESP loans, utilities must submit a letter of intent to RUS by August 5. RUS did not provide any information regarding the size or number of loans it plans to make. USDA and the Department of Energy will co-host a webinar on July 12 to discuss the program.

RESP was authorized by legislation first introduced by Rep. James Clyburn (D-SC) with bipartisan support in 2010 and which eventually passed as part of the Agricultural Act of 2014 (the Farm Bill). RUS was able to move forward with RESP when it received an appropriation from Congress in December. The now-operational program represents a major milestone for EESI’s exhaustive and ongoing efforts in these policy areas, from the inception of RESP and the "Help My House" on-bill financing program in South Carolina to more recent work in Iowa, Michigan and other states.

According to EESI’s Executive Director, Carol Werner, “We view the Rural Energy Savings Program as a real win for rural electric co-ops and their members, as well as for other rural utilities. We hope that these utilities will move quickly to tap the program. The need is great and RESP offers an opportunity to reduce the energy cost burden of many households across the country.”

For more information:

RESP Website
RESP in the Federal Register
EESI’s On-Bill Financing Project

Or contact John-Michael Cross at jmcross@eesi.org or (202) 662-1883.
The Environmental and Energy Study Institute (www.eesi.org) is an independent, non-profit organization advancing innovative policy solutions to set us on a cleaner, more secure and sustainable energy path. EESI educates policymakers, builds coalitions and develops policy in support of energy efficiency, renewable energy, sustainable biomass, sustainable buildings, and sustainable transportation. EESI was founded by a bipartisan Congressional caucus in 1984, and its strong relationship with Congress helps EESI serve as a trusted source of credible, non-partisan information on energy and environmental issues. EESI receives no congressional funding and is supported through contributions and grants.