



## Rural Energy Savings Program

USDA’s Rural Energy Savings Program (RESP), created by the 2014 Farm Bill, **provides rural electric cooperatives and other rural utilities with zero-percent loans** to launch or expand energy efficiency financing programs for their members. The program was launched in 2016 with the stated goal to “help rural families and small businesses achieve (energy) cost savings by providing loans to qualified consumers to implement durable cost - effective energy measures.” It is administered by USDA’s Rural Utilities Service (RUS).

The Farm Bill authorized up to \$75 million per year in appropriations from 2014 through 2018 to subsidize Treasury rate loans down to zero interest loans to eligible borrowers. RESP requires an annual appropriation for the credit subsidy which allows RUS to provide the loans at zero-interest. Congress has appropriated \$8M in each of the past three fiscal years, leveraging approximately \$50M per year in no-interest capital. RUS is currently preparing the next application round for recently-appropriated FY2018 funds – **a 60-day application window is expected to open this summer.**

RESP authorization expires at the end of FY2018. Both the House and Senate have included a new five-year RESP authorization in their respective versions of Farm Bill currently under consideration.

### Eligible Investments and Activities

RESP supports the creation and expansion of consumer re-lending programs to help their members/customers afford energy upgrades. Co-ops can charge participants an interest rate of up to 3 percent; this revenue 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 measures, providing the utility can justify the cost-effectiveness of the measures for the end-user. Eligible measures include lighting upgrades, building envelope improvements, HVAC systems, water heaters and other property-attached appliances, water and waste efficiency improvements, permanently-installed energy storage devices, and on- and off-grid renewable energy systems. Utilities can even apply for funds to fully replace manufactured homes.

### How To Apply

RUS invites applications for a period of up to 60 days. During these windows, interested utilities must submit a letter of intent that provides basic utility information and sketches out how the funds would be used. The next application window is expected in Summer 2018. RUS then reviews the LOIs on a first-come, first-serve basis. RUS then invites selected applicants to proceed with a full application. Application assistance is available from RUS, previous RESP recipients, and outside groups.

#### First RESP Loan Recipients

- KW Savings, on behalf of seven SC co-ops - \$13.0 M
- Orcas Power & Light Co-op (WA) - \$5.8 M
- BARC Electric (VA) - \$1.773 M
- Adams-Columbia Electric Co-op (WI) - \$1.0 M
- Northeast Ohio Public Energy Council - \$1.0 M
- Woodruff Electric Coop Corporation (AR) - \$1.0 M
- Highline Electric Association (CO&NE) - \$500,000
- Pee Dee EMC (NC) - \$200,000

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