Energy Efficiency and Conservation Loan Program (EECLP)

Rural Utilities Service
Electric Program
US Department of Agriculture
The Electric Program

PRINCIPLES:

- Low interest funding
- Area coverage
- Cooperative principles - “owned by those we serve”
- Standardized “rural” engineering
Rural Utilities Service published the Final Rule for the Energy Efficiency and Conservation Loan Program on December 5, 2013 which implements Section 6101 of the 2008 Farm Bill.

Section 6101 expands the ability of the electric program to make loans for energy efficiency activities.

This regulation is an added subpart to an existing regulation (new “subpart H” to 7 CFR 1710).

The regulation allows new financing opportunities for RUS borrowers to provide energy efficiency activities to businesses and homeowners in rural America.

Eligible EE programs can be developed and implemented by an eligible borrower for its service territory.

Eligible investments and activities include; building weatherization, HVAC upgrades, ground source heat pumps, lighting, small scale renewable generation, energy audits, soft costs, etc.
A typical borrower’s energy efficiency program might have the utility relending the funds to the consumer for EE upgrades to homes, businesses or industry.

Utilities may charge an interest rate to the consumer for the EE loan.

Many EE programs feature on-bill repayment directly to the utility.

Loans to RUS borrowers may have terms for up to 30 years in some cases.

RUS will ask potential borrowers for a business plan and quality assurance plan to support the loan application.

Potential borrowers should reach out to GFRs and/or headquarters personnel for guidance on submitting an application.
Options to Enable Energy Efficiency

- Payment through Electric On-Bill Financing
- This could be a tariff based program or a loan based program
- Loans may be serviced directly by an RUS Borrower or a financial institution
EECLP provisions

- Loan advances shall be on a reimbursement basis
- Start-up costs are possible 5%
- Consumer education and outreach programs may not exceed 5% of the RUS loan amount
EECLP Loan Requirements

- The EECLP loan process closely mirrors our existing loan process
- There are some differences though....
- Business Plans
- Quality assurance plans
- Prudent practice for any EE program
Who can borrow under EECLP?

1-An entity in the **business of providing** direct or indirect **retail electric service to consumers** in rural areas.

2-An entity in the **business of providing wholesale electric supply to distribution entities** providing service to consumers in rural areas.

3-An entity in the business of **providing transmission service to distribution or generation entities** providing services to consumers in rural areas.

*The entity shall provide the applicable service using **self-owned or controlled assets** under a **published tariff** that the entity and any associated regulatory agency may adjust.*
The “rural area” definition currently in use by the Electric Program was established by Congress in the 2008 Farm Bill, enacted on June 18, 2008. For the Electric Program, a “rural area” is “any area other than a city, town, or unincorporated area that has a population of greater than 20,000 inhabitants.”

Existing borrower service territories were grandfathered at the time of enactment.

RUS uses 2010 Census Places as the basis for making its determinations as to what is rural and urban.

Census data indicates 93% of places (cities, towns and census designated places) were under the 20,000 threshold in 2010.

<table>
<thead>
<tr>
<th>2000 Places</th>
<th>2010 Places</th>
<th>Census Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,944</td>
<td>2,098</td>
<td>&gt;20,000</td>
</tr>
<tr>
<td>23,431</td>
<td>27,416</td>
<td>&lt;=20,000</td>
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<tr>
<td>25,375</td>
<td>29,514</td>
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</tbody>
</table>
A, B and C are eligible under EECLP

Basic Structure of the Electric System

Color Key:
Blue: Transmission
Green: Distribution
Black: Generation

Rural Area in USA = equal or less than 20K inhabitants
Leveraging other RD programs

- The Rural Business Service (RBS) and Rural Housing Service (RHS) have programs that can be leveraged using EE funds

- REAP

- REDLG

- Housing loans for EE

- Let us know your plans and we can get you to the right people...
For Additional Information

Please visit our website at: http://www.rurdev.usda.gov/UEP_HomePage.html