

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



The Energy Efficiency and Conservation Loan Program

- 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.

The Energy Efficiency and Conservation Loan Program - cont...

- 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.*



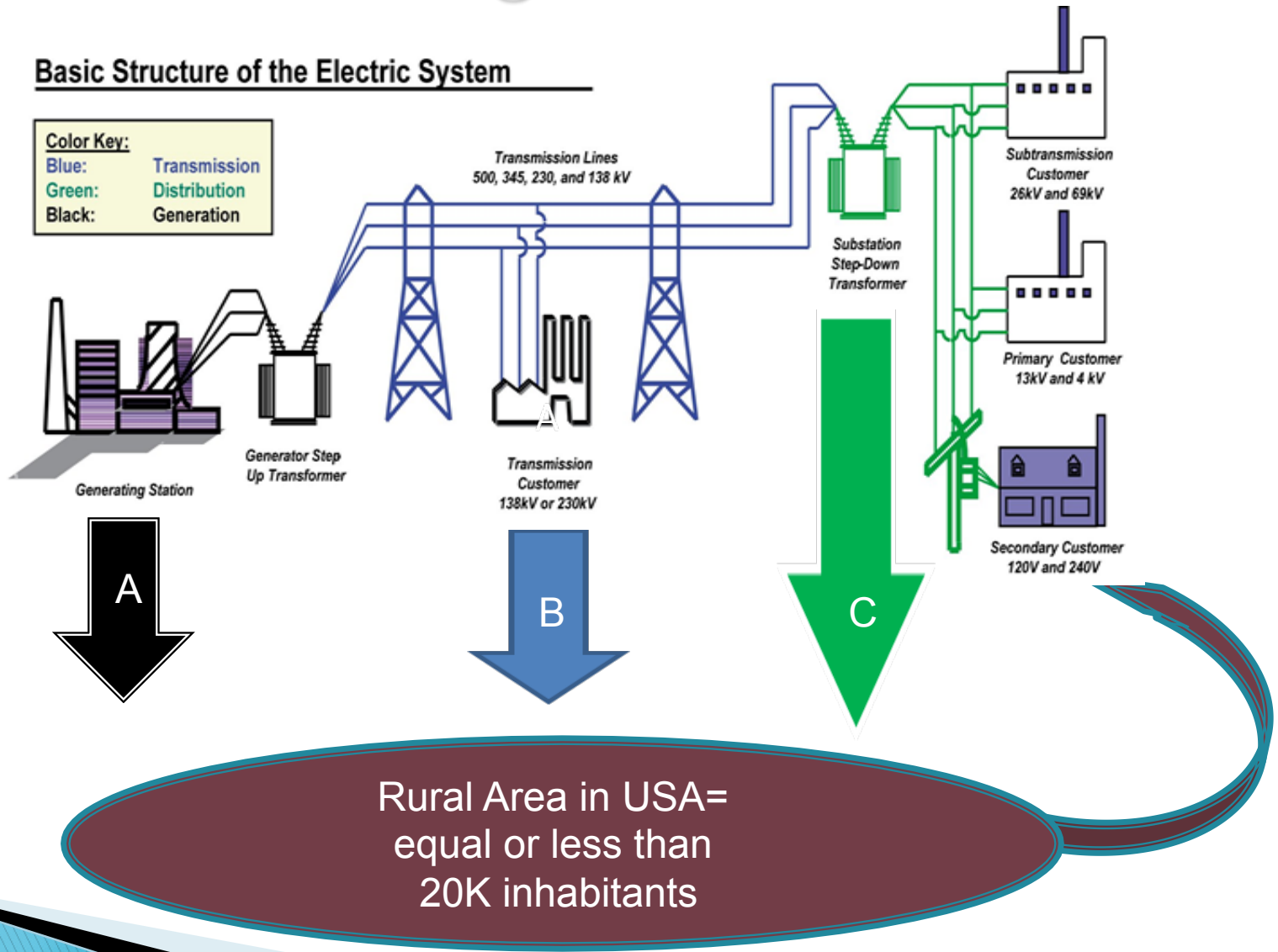
Definition of “rural”

- 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 it’s 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.

2000 Places	2010 Places	Census Population
1,944	2,098	>20,000
23,431	27,416	<=20,000
25,375	29,514	

A, B and C are eligible under EECLP

Basic Structure of the Electric System



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