Energy Efficiency and Conservation Loan Program

What does this program do?

The Energy Efficiency and Conservation Loan Program (EECLP) provides loans to finance energy efficiency and conservation projects for commercial, industrial, and residential consumers. With the EECLP, eligible utilities, including existing Rural Utilities Service borrowers can borrow money tied to Treasury rates of interest and re-lend the money to develop new and diverse energy service products within their service territories. For instance, borrowers could set up on-bill financing programs whereby customers in their service territories implement energy efficiency measures behind the meter and repay the loan to the distribution utility through their electric bills.

Who may apply for this program?

Loans under the EECLP are available to those businesses (utility systems) that have direct or indirect responsibility for providing retail electric service to persons in a rural area. In general, a rural area for EECLP purposes is a town, or unincorporated area that has a population not greater than 20,000 inhabitants, and any area within a service area of a borrower for which a borrower has an outstanding loan. Eligible communities can be combined into service territories that exceed 20,000. In other words, the EECLP is available for an entity in the business of providing:

- Retail electric service to consumers,
- Wholesale electric supply to distribution entities, or
- Transmission service to distribution or generation entities.

In each one of those cases, the entity providing the applicable service would do it with self-owned or controlled assets under a published tariff that the entity and any associated regulatory agency may adjust.

What are the terms of these loans?

The maximum term for loans under the EECLP is 15 years, unless the funding relates to ground-source loop investments or technology on an aggregate basis with a useful life greater than 15 years.

What is an eligible area?

The law requires the consideration of several factors to determine whether an area qualifies as rural for the purposes of this program.

We encourage you to contact your General Field Representative (GFR) to determine if your program would serve a qualified rural area.

How may funds be used?

The EECLP allows borrowers to design their EE Programs. While RUS does not establish specific energy efficiency program designs, the program does require that funding be used to:

- Improve energy efficiency and/or reduce peak demand on the customer side of the meter;
- Modify the electric load such that there is a reduction in overall system demand;
- Stimulate a more efficient use of existing electric facilities;
- Attract new business and create jobs in rural communities by investing in energy efficiency, and/or
- Encourage the use of renewable energy fuels for demand-side management or to reduce the use of fossil fuel use within a service territory.

What is an eligible investment or activity under the EELCP?

In addition to energy efficiency measures, EECLP funds could be used to:

- All energy efficiency measures on a consumer premises
- Distributed generation for on or off grid renewable energy systems
- Demand side management investments
- Energy audits
- Consumer education and outreach programs
- Power factor correction equipment on the consumer side of the meter
- Re-lamping to more energy efficient lighting
- Other energy efficiency program investments approved by RUS Residential and commercial energy audits
- Community awareness and outreach programs

How do we get started?

- We encourage you to contact your General Field Representative (GFR) to begin the loan application process.
- RUS accepts applications for these programs year-round.

Who can answer questions?

- Contact the GFR who serves your area
- Contact the Rural Electric Program's Office of Loan Origination and Approval (OLOA)

What law governs this program?

- Rural Electrification Act of 1936, as amended in 7 U.S.C. 901
- Code of Federal Regulations 7 CFR 1710 Subpart H
- Final Rule

Why does USDA Rural Development do this?

Nearly every rural electric cooperative utility nationwide has some form of energy efficiency program as part of their strategy to manage power costs, meet consumer demand and increase environmental regulatory compliance. Encouraging energy conservation and the use of renewable resources of power have long been a part of the RUS Electric Program. The EECLP provides funds to expand efforts to help consumers save money, reduce the need to purchase or generate energy, reduce emissions from generation of electricity, and help strengthen rural economies through job creation for energy efficiency and conservation projects.

NOTE: Program details may change over time. Before you begin an application, please confirm you have the most current information by contacting a GFR who serves your area for assistance, or consult the program instructions listed in the section above titled "What Governs this Program?"

NOTE: Because citations and other information may be subject to change, please always consult the program instructions listed in the section above titled "What Law Governs this Program?" You may also contact an Electric GFR for assistance.
You will find additional forms, resources, and program information at www.rd.usda.gov