



## Rural Energy Savings Program Questions and Answers

### What is the Rural Energy Savings Program?

The Rural Energy Savings Program (RESP) provides loans to entities that agree to make affordable loans to help consumers implement cost-effective, energy-efficiency measures.

RESP, authorized by Congress in the 2014 Farm Bill, fulfills an important component of President Obama's Climate Action Plan to build a cleaner and more sustainable domestic energy sector for future generations. RESP will help lower energy bills for rural families and businesses and will reduce barriers to investment in energy- efficiency projects or activities.

### What is the purpose of RESP?

To help rural families and small businesses reduce energy use or expenditures through energy-efficiency investments.

### How much money is available under RESP?

\$52 million for FY 2016.

### Is there a limit on how much money I can apply for under RESP?

No. But please note that applications will be processed on a first-come-first-served basis until funds are expended.

### Who can apply for RESP loan?

- Public power districts
- Public utility districts
- Electric cooperatives
- Current and former RUS borrowers
- Any entity owned or controlled by an existing or former RUS borrower
- Generation and Transmission entities
- Any of the following entities that provide or propose to provide the retail electric service needs of rural areas:
  - Corporations
  - States
  - Territories
  - Subdivisions and agencies of a state or territory
  - Municipalities

- People's utility districts
- Cooperative
- Nonprofit
- Limited-dividend
- Mutual associations

### **What is an eligible rural area?**

A domestic area other than a city, town, or incorporated area with a population of 20,000 inhabitants or less will be considered rural.

### **Does RUS provide direct loans to individuals?**

No. Individuals cannot borrow directly from RUS.

### **How do I apply for a RESP loan?**

The application process has two steps.

**First Step:** Submit a Letter of Intent in PDF format by email to [RESP@wdc.usda.gov](mailto:RESP@wdc.usda.gov) no later than 11:59 p.m. (EST) on August 5, 2016. The Letter of Intent must address the topics identified in the Notice of Solicitation for Applications. A sample Letter of Intent is available at <http://www.rd.usda.gov/files/RD-RUS-SampleLetterofIntent.pdf>.

**Second Step:** Upon receiving an invitation from RUS to proceed in completing a full RESP application, the applicant must submit a complete loan application within sixty (60) business days from the date RUS invites the applicant to proceed with the loan application. A complete loan application package will include:

- a. Cover Letter
- b. Board Resolution
- c. Environmental Compliance Agreement
- d. Long-Range Financial Forecast
- e. Energy Efficiency Program Implementation Work Plan
- f. Opinion of Counsel
- g. Articles of Incorporation
- h. Additional federal compliance forms as provided in the NOSA

### **What is the Letter of Intent?**

It is a signed letter issued by an applicant notifying RUS of its intent to apply for a RESP loan. The letter of intent must include the below elements as outlined in the NOSA:

1. Project description: maximum of five pages
  - a. Description of service
  - b. Staff and staff credentials implementing energy efficiency program
  - c. Implementation work plan
  - d. List of proposed energy-efficiency measures

2. Detailed copy of the applicant's balance sheet for the past three years
3. Evidence of performance measures for five years prior if the amount of the loan sought exceeds \$5M

Please note that although the project description is limited to a maximum of five pages, the complete Letter of Intent can be more than five pages.

### **How are the loan applications going to be processed?**

Applications will be processed on a first-come-first-served basis (queue) until funds are expended. Placement in the queue will be based upon the order in which satisfactory letters of intent are received.

### **What mechanisms can an RUS borrower use to recoup the monies lent to a qualified consumer?**

Under RESP, a loan to a qualified consumer means a transaction by which an RUS borrower makes RESP funds, directly or indirectly, available to a qualified consumer for the purpose of implementing energy efficiency measures at a property or for the property of a qualified consumer that reduces its energy consumption or cost on the condition that the RUS borrower will be able to collect the funds made available to the consumer.

Examples of acceptable financial structures include: PACE models, on-bill tariff based models, traditional consumer loans.

### **What examples of energy efficiency measures can be implemented with a RESP loan?**

Below are a few examples. We encourage you to read the NOSA for a more extensive list.

- A. Lighting fixture upgrades, lighting controls and re-lamping
- B. Heating, Ventilation, and Air Conditioning (HVAC) upgrades & compressed air systems.
- C. Economizers
- D. Heat pumps, furnaces—Energy Star qualified equipment, air handlers, programmable controls.
- E. Building Envelope Improvements:
- F. Department of Energy's Weatherization Standard Materials
- G. Water heaters
- H. Motors
- I. Energy audits
- J. On or Off Grid renewable energy and energy storage devices
- K. Energy efficient appliance upgrades if attached to real property.

### **Do I need to provide collateral for a RESP loan?**

Yes. RUS will make loans under the RESP only if the security is reasonably adequate.

### **What is the maximum loan term of the RUS loan to its borrower?**

Twenty (20) years.

### **Can the RUS borrower advance funds for loans to be made to qualified consumers?**

Yes. Excluding the 4percent advance for start-up activities, all loan funds will be disbursed either as an advance in anticipation of consumer loans to be made by the RESP borrower; or as a reimbursement for

eligible program costs, including consumer loans already made, once the RESP borrower has complied with the loan covenants.

The RUS borrower must provide the loan funds to the qualified consumers within one year of receiving them from RUS.

**If utility (or any other RESP eligible entity) borrows money through RESP and relends to its members, is the utility responsible for repayment if a member goes into default?**

Yes. The utility (or other RESP eligible entity) that borrows directly from RUS will be responsible for repaying its loan in totality to RUS.