H. R. 111TH CONGRESS 2D SESSION
To amend the miscellaneous rural development provisions of the Farm Security and Rural Investment Act of 2002 to authorize the Secretary of Agriculture to make loans to certain entities that will use the funds to make loans to consumers to implement energy efficiency measures involving structural improvements and investments in cost-effective, commercial off-the-shelf technologies to reduce home energy use.

IN THE HOUSE OF REPRESENTATIVES
Mr. CLYBURN introduced the following bill; which was referred to the Committee on

A BILL
To amend the miscellaneous rural development provisions of the Farm Security and Rural Investment Act of 2002 to authorize the Secretary of Agriculture to make loans to certain entities that will use the funds to make loans to consumers to implement energy efficiency measures involving structural improvements and investments in cost-effective, commercial off-the-shelf technologies to reduce home energy use.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE.

This Act may be cited as the “Rural Energy Savings Program Act”.

SEC. 2. RURAL ENERGY SAVINGS PROGRAM.

Title VI of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7901 note et seq.) is amended by adding the following new section:

“SEC. 6407. RURAL ENERGY SAVINGS PROGRAM.

“(a) PURPOSE.—The purpose of this section is to create and save jobs by providing loans to qualified consumers that will use the loan proceeds to implement energy efficiency measures to achieve significant reductions in energy costs, energy consumption, or carbon emissions.

“(b) DEFINITIONS.—In this section:

“(1) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

“(A) any public power district, public utility district, or similar entity, or any electric cooperative described in sections 501(c)(12) or 1381(a)(2)(C) of the Internal Revenue Code of 1986, that borrowed and repaid, prepaid, or is paying an electric loan made or guaranteed by the Rural Utilities Service (or any predecessor agency); or
“(B) any entity primarily owned or controlled by an entity or entities described in subparagraph (A).

“(2) ENERGY EFFICIENCY MEASURES.—The term ‘energy efficiency measures’ means, for or at property served by an eligible entity, structural improvements and investments in cost-effective, commercial off-the-shelf technologies to reduce home energy use.

“(3) QUALIFIED CONSUMER.—The term ‘qualified consumer’ means a consumer served by an eligible entity that has the ability to repay a loan made under subsection (d), as determined by an eligible entity.

“(4) QUALIFIED ENTITY.—The term ‘qualified entity’ means a non-governmental, not-for-profit organization that the Secretary determines has significant experience, on a national basis, in providing eligible entities with—

“(A) energy, environmental, energy efficiency, and information research and technology;

“(B) training, education, and consulting;
“(C) guidance in energy and operational issues and rural community and economic development;

“(D) advice in legal and regulatory matters affecting electric service and the environment; and

“(E) other relevant assistance.

“(5) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture, acting through the Rural Utilities Service.

“(c) LOANS AND GRANTS TO ELIGIBLE ENTITIES.—

“(1) LOANS AUTHORIZED.—Subject to paragraph (2), the Secretary shall make loans to eligible entities that agree to use the loan funds to make loans to qualified consumers as described in subsection (d) for the purpose of implementing energy efficiency measures.

“(2) LIST, PLAN, AND MEASUREMENT AND VERIFICATION REQUIRED.—

“(A) IN GENERAL.—As a condition to receiving a loan or grant under this subsection, an eligible entity shall—

“(i) establish a list of energy efficiency measures that is expected to de-
crease energy use or costs of qualified consumers;

“(ii) prepare an implementation plan for use of the loan funds; and

“(iii) provide for appropriate measurement and verification to ensure the effectiveness of the energy efficiency loans made by the eligible entity and that there is no conflict of interest in the carrying out of this section.

“(B) Revision of List of Energy Efficiency Measures.—An eligible entity may update the list required under subparagraph (A)(i) to account for newly available efficiency technologies, subject to the approval of the Secretary.

“(C) Existing Energy Efficiency Programs.—An eligible entity that, on or before the date of the enactment of this section or within 60 days after such date, has already established an energy efficiency program for qualified consumers may use an existing list of energy efficiency measures, implementation plan, or measurement and verification system of that program to satisfy the requirements of
subparagraph (A) if the Secretary determines
the list, plans, or systems are consistent with
the purposes of this section.

“(3) **No Interest.**—A loan under this sub-
section shall bear no interest.

“(4) **Repayment.**—A loan under this sub-
section shall be repaid not more than 10 years from
the date on which an advance on the loan is first
made to the eligible entity.

“(5) **Loan Fund Advances.**—The Secretary
shall provide eligible entities with a schedule of not
more than ten years for advances of loan funds, ex-
cept that any advance of loan funds to an eligible
entity in any single year shall not exceed 50 percent
of the approved loan amount.

“(6) **Jump-Start Grants.**—The Secretary
shall make grants available to eligible entities se-
lected to receive a loan under this subsection in
order to assist an eligible entity to defray costs, in-
cluding costs of contractors for equipment and labor,
except that no eligible entity may receive a grant
amount that is greater than four percent of the loan
amount.

“(d) **Loans to Qualified Consumers.**—
“(1) TERMS OF LOANS.—Loans made by an eligible entity to qualified consumers using loan funds provided by the Secretary under subsection (c)—

“(A) may bear interest, not to exceed three percent, to be used for purposes that include establishing a loan loss reserve and to offset personnel and program costs of eligible entities to provide the loans;

“(B) shall finance energy efficiency measures for the purpose of decreasing energy usage or costs of the qualified consumer by an amount such that a loan term of not more than ten years will not pose an undue financial burden on the qualified consumer, as determined by the eligible entity;

“(C) shall not be used to fund energy efficiency measures made to personal property unless the personal property—

“(i) is or becomes attached to real property as a fixture; or

“(ii) is a manufactured home;

“(D) shall be repaid through charges added to the electric bill of the qualified consumer; and
“(E) shall require an energy audit by an eligible entity to determine the impact of proposed energy efficiency measures on the energy costs and consumption of the qualified consumer.

“(2) CONTRACTORS.—In addition to any other qualified general contractor, eligible entities may serve as general contractors.

“(e) CONTRACT FOR MEASUREMENT AND VERIFICATION, TRAINING, AND TECHNICAL ASSISTANCE.—

“(1) CONTRACT REQUIRED.—Not later than 60 days after the date of enactment of this section, the Secretary shall enter into one or more contracts with a qualified entity for the purposes of—

“(A) providing measurement and verification activities, including—

“(i) developing and completing a recommended protocol for measurement and verification for the Rural Utilities Service;

“(ii) establishing a national measurement and verification committee consisting of representatives of eligible entities to assist the contractor in carrying out this section;
“(iii) providing measurement and verification consulting services to eligible entities that receive loans under this section; and

“(iv) providing training in measurement and verification; and

“(B) developing a program to provide technical assistance and training to the employees of eligible entities to carry out this section.

“(2) USE OF SUBCONTRACTORS AUTHORIZED.—A qualified entity that enters into a contract under paragraph (1) may use subcontractors to assist the qualified entity in performing the contract.

“(f) FAST START DEMONSTRATION PROJECTS.—

“(1) DEMONSTRATION PROJECTS REQUIRED.—The Secretary shall enter into agreements with eligible entities (or groups of eligible entities) that have energy efficiency programs described in subsection (c)(2)(C) to establish an energy efficiency loan demonstration projects consistent with the purposes of this section that—

“(A) implement approaches to energy audits and investments in energy efficiency measures that yield measurable and predictable savings;
“(B) use measurement and verification processes to determine the effectiveness of energy efficiency loans made by eligible entities;

“(C) include training for employees of eligible entities, including any contractors of such entities, to implement or oversee the activities described in subparagraphs (A) and (B);

“(D) provide for the participation of a majority of eligible entities in a State;

“(E) reduce the need for generating capacity;

“(F) provide efficiency loans to—

“(i) not fewer than 20,000 consumers, in the case of a single eligible entity; or

“(ii) not fewer than 80,000 consumers, in the case of a group of eligible entities; and

“(G) serve areas where a large percentage of consumers reside—

“(i) in manufactured homes; or

“(ii) in housing units that are more than 50 years old.

“(2) Deadline for implementation.—The agreements required by paragraph (1) shall be en-
entered into not later than 90 days after the date of enactment of this section.

“(3) E FFECT ON AVAILABILITY OF LOANS NA-
TIONALLY.—Nothing in this subsection shall delay
the availability of loans to eligible entities on a na-
tional basis beginning not later than 180 days after
the date of enactment of this section.

“(4) A DDITIONAL DEMONSTRATION PROJECT
AUTHORITY.—The Secretary may conduct dem-
onstration projects in addition to the project re-
quired by paragraph (1). The additional demonstra-
tion projects may be carried out without regard to
subparagraphs (D), (F), or (G) of paragraph (1).

“(g) A DDITIONAL AUTHORITY.—The authority pro-
vided in this section is in addition to any authority of the
Secretary to offer loans or grants under any other law.

“(h) A UTHORIZATION OF A PPROPRIATIONS.—
“(1) I N GENERAL.—There is authorized to be
appropriated to the Secretary in fiscal year 2010
$993,000,000 to carry out this section. Notwith-
standing paragraph (2), amounts appropriated pur-
suant to this authorization of appropriations shall
remain available until expended.

“(2) A MOUNTS FOR LOANS, GRANTS, STAFF-
ing.—Of the amounts appropriated pursuant to the
authorization of appropriations in paragraph (1), the Secretary shall make available—

“(A) $755,000,000 for the purpose of covering the cost of direct loans to eligible entities under subsection (c) to subsidize gross obligations in the principal amount of not to exceed $4,900,000,000;

“(B) $25,000,000 for measurement and verification activities under subsection (e)(1)(A);

“(C) $2,000,000 for the contract for training and technical assistance authorized by subsection (e)(1)(B);

“(D) $200,000,000 for jump-start grants authorized by subsection (e)(6); and

“(E) $1,100,000 for each of fiscal years 2010 through 2019 for ten additional employees of the Rural Utilities Service to carry out this section.

“(i) EFFECTIVE PERIOD.—Subject to subsection (h)(1) and except as otherwise provided in this section, the loans, grants, and other expenditures required to be made under this section are authorized to be made during each of fiscal years 2010 through 2014.

“(j) REGULATIONS.—
“(1) In General.—Except as otherwise provided in this subsection, not later than 180 days after the date of enactment of this section, the Secretary shall promulgate such regulations as are necessary to implement this section.

“(2) Procedure.—The promulgation of the regulations and administration of this section shall be made without regard to—

“(A) chapter 35 of title 44, United States Code (commonly known as the ‘Paperwork Reduction Act’); and

“(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking.

“(3) Congressional review of agency rulemaking.—In carrying out this section, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

“(4) Interim regulations.—Notwithstanding paragraphs (1) and (2), to the extent regulations are necessary to carry out any provision of this section, the Secretary shall implement such regulations through the promulgation of an interim rule.”.