AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4785, AS REPORTED
OFFERED BY M.  

Strike all after the enacting clause and insert the following:

SECTION 1. HOME STAR ENERGY EFFICIENCY LOAN PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE PARTICIPANT.—The term “eligible participant” means a homeowner who receives financial assistance from a qualified financing entity to carry out qualifying energy savings measures pursuant to this section, and who is not also a qualified consumer under section 2.

(2) QUALIFIED FINANCING ENTITY.—The term “qualified financing entity” means a State, political subdivision of a State, tribal government, electric utility, natural gas utility, nonprofit or community-based organization, energy service company, retailer, or any other entity that—

(A) meets the eligibility requirements of this section; and
(B) is designated by the Governor of a State in accordance with subsection (f)(1), except that an entity that is an eligible entity under section 2 shall not be a qualified financing entity.

(3) QUALIFIED LOAN PROGRAM MECHANISM.—The term “qualified loan program mechanism” means a mechanism for the establishment and operation of a loan program that is—

(A) administered by a qualified financing entity; and

(B) funded in significant part—

(i) by funds provided by or overseen by a State; or

(ii) through the energy loan program of the Federal National Mortgage Association.

(4) QUALIFYING ENERGY SAVINGS MEASURE.—The term “qualifying energy savings measure” means a measure listed under subsection (c)(1) or (2) or stipulated in a whole-house analysis under subsection (c)(3).

(b) ESTABLISHMENT.—The Secretary of Energy shall establish a Home Star Energy Efficiency Loan Program under which the Secretary of Energy shall offer loans at zero percent interest to States to support finan-
cial assistance provided by qualified financing entities for the installation of qualifying energy savings measures.

(c) ENERGY EFFICIENCY MEASURES AND STANDARDS.—The Secretary of Energy, in consultation with the Secretary of Agriculture, shall publish—

(1) not later than 90 days after the date of enactment of this Act, a master list of residential energy efficiency measures determined to be cost-effective, readily available from commercial sources, to be permanently installed in a residence, and capable of supporting measurement and verification of the energy savings that results from their adoption;

(2) additions to such a list, approved by the Secretary of Energy, of other residential energy efficiency measures that are—

(A) recommended by the Secretary of Agriculture;

(B) calculated to achieve sufficient energy savings that they will achieve a simple payback within 10 years or less; and

(C) permanently installed in a residence;

(3) specifications for whole-house energy performance analyses simulating energy use before and after a retrofit utilizing measures from the master list published pursuant to paragraphs (1) and (2)
and such other permanent structural measures as can be demonstrated, when installed and operated as intended, to improve residential energy efficiency in a manner that can be determined with confidence to be cost-effective and to recover their own cost in energy cost savings within the term of a proposed loan; and

(4) a protocol for measurement and verification of the energy savings that have resulted from any and all energy efficiency measures taken with respect to a residence and financed in whole or in part pursuant to this title.

(d) ELIGIBILITY OF QUALIFIED FINANCING ENTITIES.—To be eligible to participate in the Home Star Loan Program, a qualified financing entity shall—

(1) offer a financing product under which eligible participants may pay over time for the cost to the eligible participant (after all applicable Federal, State, local, and other rebates or incentives are applied) of installations described in subsection (b);

(2) require all financed installations to be performed by contractors in a manner that meets building code requirements and other appropriate minimum standards;
(3) establish standard underwriting criteria to
determine the eligibility of Home Star Loan Pro-
gram applicants, which criteria shall be consistent
with—

(A) with respect to unsecured consumer
loan programs, standard underwriting criteria
used under the energy loan program of the
Federal National Mortgage Association; or

(B) with respect to secured loans or other
forms of financial assistance, commercially rec-
ognized best practices applicable to the form of
financial assistance being provided (as deter-
mined by the designated entity administering
the Home Star Loan Program in the State);
and

(4) undertake particular efforts to make such
loans available in public use microdata areas that
have a poverty rate of 12 percent or more in a pro-
portion of total loans made at least equal to the pro-
portion the number of residents in such areas bears
to the total population of the area served by that
qualified financing entity.

(e) ALLOCATION.—In allocating 75 percent of the
loan funds made available to States for each fiscal year
under this section, the Secretary of Energy shall use the
formula used to allocate funds to States to carry out State energy conservation plans established under part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321 et seq.), with appropriate modifications to reflect the funds to be provided in States for loans under section 2. In allocating the remaining 25 percent of the loan funds made available to States for each fiscal year under this section, the Secretary of Energy may vary the result of the formula to recognize and reward those States that make the best progress in providing loans to low-income areas pursuant to subsection (d)(4).

(f) QUALIFIED FINANCING ENTITIES.—Before making funds available to a State under this section, the Secretary of Energy shall require the Governor of the State to provide to the Secretary of Energy a letter of agreement that the State—

(1) will use the funds provided pursuant to this section solely as provided in this section;

(2) has 1 or more qualified financing entities that meet the requirements of this section;

(3) has established, or has required its designated qualified financing entities to establish, a qualified loan program mechanism that—
(A) will use a quality assurance program or another appropriate methodology to ensure energy savings;

(B) incorporates an effective repayment mechanism, which may include—

(i) on-utility-bill repayment;
(ii) tax assessment or other form of property assessment financing;
(iii) municipal service charges;
(iv) energy or energy efficiency services contracts;
(v) energy efficiency power purchase agreements;
(vi) unsecured loans applying the underwriting requirements of the energy loan program of the Federal National Mortgage Association; or
(vii) alternative contractual repayment mechanisms that have been demonstrated to have appropriate risk mitigation features;

(4) will provide, in a timely manner, all information regarding the administration of the Home Star Loan Program as the Secretary of Energy may
require to permit the Secretary of Energy to meet
program evaluation requirements; and

(5) will commit to the full repayment of the
loaned funds to the Secretary of Energy by a date
not later than 20 years from the date of the loan
closing.

(g) USE OF FUNDS.—Funds made available to States
for carrying out the Home Star Loan Program may be
used to support financing mechanisms offered by qualified
financing entities to eligible participants, including—

(1) interest rate reductions to interest rates as
low as zero percent;

(2) loan loss reserves or other forms of credit
enhancement;

(3) revolving loan funds from which qualified fi-
nancing entities may offer direct loans; or

(4) other debt instruments necessary—

(A) to use available funds to obtain appro-
priate leverage through private investment; and

(B) to support widespread deployment of
energy efficiency programs.

(h) USE OF REPAID FUNDS.—In the case of a revolv-
ing loan fund described in subsection (g)(3), a qualified
financing entity may use funds repaid by eligible partici-
pants under the Home Star Loan Program to provide fi-
nancial assistance for additional eligible participants for
installations described in subsection (b) in a manner that
is consistent with this section.

(i) ADMINISTRATIVE COSTS.—A State may permit a
qualified financing entity to charge interest of 3 percent
to cover the costs of loan administration and personnel
and program management, or for establishing a loan loss
reserve.

(j) REPORTING REQUIREMENTS.—The Secretary of
Energy shall report to the Congress on the implementation
of this title, including the energy savings and cost savings
estimated to be achieved, not later than 1 year after the
date of enactment of this Act, and again by not later than
2 years after the date of enactment of this section.

(k) ASSESSMENT BY GOVERNMENT ACCOUNTABILITY
OFFICE.—The Comptroller General shall, by not later
than 18 months after the date of enactment of this Act,
prepare and submit to the Congress an analysis and report
determining—

(1) the actual taxpayer funds made available
for the program created in this section;

(2) the actual amounts of such funds made
available to eligible participants or qualified con-
sumers in the program created in this section;
(3) the extent of measured and verified residential energy savings achieved and expected to be achieved on an ongoing basis as a function of this program;

(4) the extent to which funds were made available to support commercial or industrial energy efficiency measures under this program;

(5) the extent to which funds made available were expended for training, administration, program support by contractors, or trade association activities under this program; and

(6) the consistency and rigor of the standards for energy efficiency and for measurement and verification adopted and implemented by this program.

(l) AUTHORIZATION.—There are authorized to be appropriated for purposes of this section $850,000,000 for each of fiscal years 2010 through 2014, which shall remain available until expended.

SEC. 2. RURAL ENERGY SAVINGS PROGRAM.

(a) DEFINITIONS.—In this section:

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

(A) any public or cooperative electric utility that is eligible to borrow from the Rural
Utilities Service electrification program authorized under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) that serves a rural area;

(B) any current borrower of the Rural Utilities Service electrification program authorized under that Act; or

(C) any entity primarily owned or controlled by an entity described in subparagraph (A) or (B).

(2) ENERGY EFFICIENCY MEASURE.—The term “energy efficiency measure”, with respect to property served by an eligible entity, means a fixed structural improvement and investment in a cost-effective, commercial off-the-shelf technology to reduce residential energy use that is either—

(A) included in the master list published under section 1(c)(1) and (2); or

(B) stipulated in a whole-house simulation conducted pursuant to section 1(c)(3).

(3) FARM EFFICIENCY MEASURE.—The term “farm efficiency measure” means an energy saving application that is a fixed improvement installed in or attached to a building or structure on a farm at a total loan value for that farm of $50,000 or less,
that is not otherwise an energy efficiency measure, and that would achieve energy savings sufficient to repay the cost of the measure in 10 years or fewer.

(4) 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, and who has not accepted any loan as an eligible participant pursuant to section 1.

(5) QUALIFIED ENTITY.—The term “qualified entity” means any organization that the Secretary of Agriculture determines has significant experience in providing eligible entities with—

(A) advice on 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; and

(D) other relevant assistance, as determined by the Secretary of Agriculture.

(6) RURAL AREA.—The term “rural area” means any area other than—
(A) a city or town that has a population of
greater than 50,000 inhabitants; and

(B) any urbanized area contiguous and ad-
adjacent to a city or town described in subpara-
graph (A).

(b) ESTABLISHMENT.—The Secretary of Agriculture,
acting through the Rural Utility Service, shall establish
the Rural Star Energy Savings Program for the purpose
of making loans to eligible entities that agree to accept
the loan funds authorized pursuant to this section to make
loans to qualified consumers for the purpose of imple-
menting residential energy efficiency measures or farm ef-
ficiency measures approved by the Secretary of Agri-
culture.

c) LOANS TO ELIGIBLE ENTITIES.—

(1) LOANS AUTHORIZED.—Subject to para-
graph (2), the Secretary of Agriculture shall make
loans to an eligible entity that agrees that the loan
funds will be used to make loans to qualified con-
sumers as described in subsection (d) for the pur-
pose of implementing one or more energy efficiency
measures, or a farm efficiency measure in response
to an application by an eligible entity.

(2) LIST, PLAN, AND MEASUREMENT AND
VERIFICATION REQUIRED.—
(A) IN GENERAL.—As a condition to receiving a loan under paragraph (1), an eligible entity shall—

(i) establish a list of energy efficiency measures or farm efficiency measures expected to decrease energy use or costs of a qualified consumer from the master list published under section 1(c)(1) and (2);

(ii) establish a procedure to identify to the Secretary of Agriculture any specific farm efficiency measures for which the eligible entity seeks authority to make a loan;

(iii) prepare an implementation plan for use of the loan funds to ensure that a loan to a qualified consumer is for energy efficiency investments that will achieve savings sufficient to service the loan during the term of the loan; and

(iv) provide for appropriate measurement and verification as prescribed by the Secretary of Agriculture to ensure the actual use and effectiveness of the energy efficiency loans made by the eligible entity.

(B) REVISION OF LIST OF ENERGY EFFICIENCY MEASURES.—An eligible entity may up-
date the list required under subparagraph (A)(i) to account for efficiency technologies added to the master list published under section 1(c)(1) pursuant to section 1(c)(2), or farm efficiency measures approved by the Secretary of Agriculture.

(C) Existing energy efficiency programs.—An eligible entity that, on or before the date of the enactment of this Act, has already established an energy efficiency program for qualified consumers may submit an existing list of energy efficiency measures or farm efficiency measures, implementation plans, or measurement and verification systems to satisfy the requirements of subparagraph (A) to the Secretary of Agriculture and may use such list until and unless such list is inconsistent with the measures published pursuant to section 1(c)(1) and (2).

(3) Loan terms for loans to eligible entities.—

(A) No interest.—A loan made to an eligible entity under paragraph (1) shall bear no interest.
(B) REPAYMENT.—With respect to a loan under paragraph (1)—

(i) the term shall not exceed 20 years from the date the loan is closed; and

(ii) except as provided in subparagraph (D), the repayment of each advance shall be amortized for a period not to exceed 10 years.

(C) AMOUNT OF ADVANCES.—Any advance of loan funds to an eligible entity in any single year shall not exceed 30 percent of the approved loan amount.

(D) SPECIAL ADVANCE FOR START-UP ACTIVITIES.—

(i) IN GENERAL.—In order to assist an eligible entity in defraying initial start-up costs, the Secretary of Agriculture shall allow an eligible entity to request a special advance.

(ii) AMOUNT OF SPECIAL ADVANCE.—No eligible entity may receive a special advance under this subparagraph for an amount that is greater than 4 percent of the loan amount received by the eligible entity under paragraph (1).
(iii) REPAYMENT.—The repayment of
the special advance shall be required with-
in 10 years after the special advance is
made and, at the election of the eligible en-
tity, may be deferred to the end of the 10-
year period.

(E) LIMITATION ON ADVANCES.—All ad-
advances shall be made under a loan described in
paragraph (1) within the first 10 years of the
term of the loan.

(d) LOANS TO QUALIFIED CONSUMERS.—

(1) TERMS OF LOANS.—Loans made by an eli-
gible entity to qualified consumers using loan funds
provided by the Secretary of Agriculture under sub-
section (c)—

(A) may bear interest, not to exceed three
percent, to be used by the eligible entity for
purposes such as establishing a loan loss re-
serve and to offset personnel and program costs
of the eligible entity to provide the loans;

(B) shall finance only energy efficiency
measures or farm efficiency measures for the
purpose of decreasing energy usage or costs of
a qualified consumer by an amount such that a
loan term of not more than 10 years will
achieve a simple payback of the amount invested;

(C) shall not be used to fund purchases of, or modifications 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 for the property for, or at which energy efficiency measures are or will be implemented, except that this requirement shall not be construed to prohibit—

(i) the voluntary prepayment of a loan by the owner of the property; or

(ii) the use of any additional repayment mechanisms that are—

(I) demonstrated to have appropriate risk mitigation features, as determined by the eligible entity; or

(II) required if the qualified consumer is no longer a customer of the eligible entity; and

(E) shall require an energy audit 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.

(3) USE OF OTHER ENERGY EFFICIENCY INCENTIVES.—Energy efficiency incentives made available under any other Act, including rebates, grants, or any other payments, may be used to reduce the amount of a loan made under this subsection to qualified consumers in order to meet the requirement of paragraph (1)(B).

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

(1) DUTIES OF THE SECRETARY.—The Secretary of Agriculture—

(A) shall establish an implementation and measurement and verification advisory committee consisting of representatives of eligible entities and qualified entities;

(B) may enter into cooperative agreements with qualified entities to provide technical assistance and training to the employees of eligible entities to carry out this section; and
(C) shall establish a process to compile and
maintain a directory of energy efficiency audi-
tors that are used by eligible entities to carry
out this section.

(2) EXCEPTION.—

(A) The Secretary of Agriculture shall not
utilize the authority provided under this sub-
section or subsection (j) to—

(i) develop, adopt, or implement a
public labeling system that rates and com-
pares the energy performance among qual-
ified consumers; or

(ii) require the public disclosure of an
energy performance evaluation or rating
developed for any qualified consumer.

(B) Nothing in this paragraph shall pre-
clude—

(i) the computation, collection, or use,
by the Secretary of Agriculture, eligible en-
tity, or qualified entity for the purposes of
aggregating information on the rating and
comparison of the energy performance
among qualified consumers with and with-
out energy efficiency features or on energy
performance evaluation or rating;
(ii) the use and publication of aggregate data (without identifying individual qualified consumers) based on information referred to in clause (i) to determine or demonstrate the performance of this program; or

(iii) the provision of information referred to in clause (i) with respect to a qualified consumer:

(I) to the State, eligible consumer, eligible entity, or qualified entity, as necessary to enable carrying out this title; or

(II) for purposes of prosecuting fraud and abuse.

(f) Fast Start Demonstration Projects.—The Secretary of Agriculture shall, not later than 90 days after the enactment of this section, enter into agreements with eligible entities (or groups of eligible entities) that have established an energy efficiency program described in subsection (c)(2)(C) to establish an energy efficiency loan demonstration projects consistent with the purposes of this section that—

(1) implement approaches to energy audits and investments in energy efficiency measures or farm
efficiency measures that yield measurable and predictable savings;

(2) use measurement and verification processes to determine the effectiveness of energy efficiency loans made by eligible entities;

(3) include training for employees of eligible entities, including any contractors of such entities, to implement or oversee the activities described in paragraphs (1) and (2);

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

(5) reduce the need for generating capacity;

(6) provide efficiency loans to—

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

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

(7) serve areas where 15 percent or more of consumers reside—

(A) in manufactured homes; or

(B) in housing units that are more than 50 years old.
Secretary of Agriculture to offer loans under any other law.

(h) Effective Period.—Except as otherwise provided in this section, the loans and other expenditures required to be made under this section are authorized to be made during each of fiscal years 2010 through 2014.

(i) 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 of Agriculture 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
of Agriculture 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 of Agriculture shall implement such regulations through the promulgation of an interim rule.

(j) **Audit of Program.**—The Secretary of Agriculture shall conduct an audit of the program authorized by this section to ensure that the funds provided to eligible entities under this section are used in accordance with the purpose of this section.

(k) **Reporting Requirements.**—The Secretary of Agriculture shall report to the Congress on the implementation of this Act, including the energy savings and costs savings estimated to be achieved, not later than 1 year after the date of enactment of this Act, and again not later than 2 years after the date of enactment of this Act.

(l) **Assessment by Government Accountability Office.**—The Comptroller General shall, by not later than 18 months after the date of enactment of this Act, prepare and submit to the Congress an analysis and report determining—
(1) the actual taxpayer funds made available for the program created in this section;

(2) the actual amounts of such funds made available to eligible entities for qualified consumers in the program created in this section;

(3) the extent of measured and verified energy savings achieved and expected to be achieved on an ongoing basis as a function of the program created in this section;

(4) the extent to which funds made available were expended for training, administration, and program support by eligible entities and qualified entities under the program created in this section; and

(5) the consistency and rigor of the standards for energy efficiency and for measurement and verification adopted and implemented by program created in this section.

(m) AUTHORIZATION.—There are authorized to be appropriated for purposes of this section $150,000,000 for each of fiscal years 2010 through 2014, which shall remain available until expended.