

**AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 4785**  
**Section-by-Section Analysis**

**Section 1. SHORT TITLE.**

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

**Section 2. RURAL ENERGY SAVINGS PROGRAM.**

- Provides that the purpose of the legislation is to create and save jobs by providing loans to qualified consumers to use loan proceeds to implement energy efficiency measures to achieve significant reductions in energy costs, energy consumption, or carbon emissions.
- Defines the terms: eligible entity; energy efficiency measure; qualified consumer; qualified entity; rural area, and Secretary.
- Authorizes the Secretary of Agriculture (“Secretary”) to make loans to eligible entities that agree that the loan funds will be used to make loans to qualified consumers for the purpose of implementing energy efficiency measures.
- As a condition of receiving a loan, an eligible entity is required to: (1) establish a list of energy efficiency measures that are expected to decrease energy use or costs for qualified consumers; (2) prepare an implementation plan for use of the loan funds to ensure that a loan to a qualified consumer is at least commensurate with the expected energy savings the qualified consumer expects to receive from the measures funded by the loan ; and (3) provide for appropriate measurement and verification to ensure the effectiveness of the energy efficiency loans made by eligible entities.
- Eligible entities are permitted to update or revise the list of energy efficiency measures to account for newly available efficiency technologies, subject to the Secretary’s approval.
- Eligible entities that have already established energy efficiency programs for qualified consumers are allowed to use their existing list of energy efficiency measures, implementation plans, or measurement or verification systems, if the Secretary determines that the lists, plans, or systems are consistent with the purposes of the legislation.
- Loans to eligible entities are to bear no interest. Loans terms are not to exceed 20 years from the date the loan is closed. The repayment of each loan advance is to be amortized for a period not to exceed 10 years. An advance of loan funds to an eligible entity is not to exceed 30 percent of the approved loan amount.
- Authorizes the Secretary to allow eligible entities to request a special advance to assist them in defraying initial start-up costs. Special advances are to be no greater than 4 percent of the loan amount the eligible entity receives. Repayment of the special advance is required to be made within 10 years after it is made and, at the election of the eligible entity, may be deferred to the end of the 10-year period.
- All loan advances made under the program are to be made within the first 10 years of the term of the loan.
- Loans made by an eligible entity to a qualified consumer: (1) may bear interest, not to exceed three percent, to be used by the eligible entity for purposes such as establishing a loan loss

reserve fund and to offset personnel and program costs of the eligible entity to provide the loans; (2) must finance energy efficiency measures for the purpose of decreasing energy usage or costs of the qualified consumer by an amount such that the loan term is not more than 10 years, nor will pose an undue financial burden on the qualified consumer.

- Loan funds cannot be used to fund purchases of, or modifications to, personal property, unless such property: (1) is or becomes attached to real property as a fixture; or (2) is a manufactured home.
- Loan funds are to be repaid by the qualified consumer through charges added to the qualified consumer's electric bill. Qualified consumers are not prohibited from voluntarily prepaying a loan. The use of additional repayment mechanisms that are demonstrated to have appropriate risk mitigation factors, as determined by the eligible entity, or are required if the qualified consumer is no longer a customer of the eligible entity, are not prohibited.
- To receive a loan, an energy audit must be conducted to determine the impact of the proposed energy efficiency measures on the energy costs and energy consumption of the qualified consumer.
- Eligible entities can serve as general contractors, in addition to any other qualified general contractor.
- Allows for the reduction of the amount of loan funds authorized under this legislation with respect to energy efficiency incentives made under any other Act, including rebates, grants, or any other payments.
- Not later than 60 days after the date of the enactment of the legislation the Secretary is required to: (1) develop a protocol for eligible entities and qualified entities to use in measuring energy consumption and verifying the effectiveness of energy efficiency measures; (2) establish a measurement and verification advisory committee consisting of representatives of eligible entities and qualified entities; (3) enter into one or more cooperative agreements with qualified entities to provide technical assistance and training to the employees of eligible entities; and establish a process to compile and maintain a directory of energy efficiency auditors that are used by eligible entities.
- Prohibits the Secretary from using the authority provided by the legislation to: develop, adopt, or implement a public labeling system that rates and compares the energy performance among qualified consumers; or require the public disclosure of an energy performance evaluation or rating developed for any qualified consumer.
- The Secretary, eligible entities, or qualified entities are not prohibited from computing, collecting, or using aggregate information for the purposes of rating and comparing the energy performance among qualified consumers with and without energy efficiency features, or on energy performance evaluation or rating
- The Secretary, eligible entities, or qualified entities are not prohibited from using and publishing aggregate data (without identifying individual qualified consumers) based on aggregate information to determine or demonstrate the performance of the loan program.

- Authorizes the Secretary to establish energy efficiency loan demonstration projects consistent with the purposes of the legislation.
  - The deadline for entering into demonstration project agreements is to be not later than 90 days after the enactment of the legislation.
  - Authorizes the Secretary to conduct additional demonstration projects.
- The availability of loans authorized by the legislation is not to be delayed beginning not later than 180 days after the enactment of the legislation.
- Specifies that the authority given to the Secretary by the legislation is in addition to any authority of the Secretary to offer loans under any other law.
- Provides for an appropriation of \$993 million, to remain available until expended, to carry out the loan program.
- Provides for an appropriation of \$1.1 million for each of the fiscal years 2010 through 2019 for ten additional employees of the Rural Utilities Service to carry out the loan program.
- Loans and other expenditures authorized by the legislation are to be made during each of the fiscal years 2010 through 2014.
- Requires the Secretary to submit, not later than one year after the date of the enactment of the legislation, a report describing the implementation of the loan program to the House and Senate Agriculture Committees.
- Requires the Secretary to: not later than 180 days after the date of the enactment of the legislation, promulgate regulations that are necessary to implement the legislation; and, to the extent regulations are necessary to carry out any provision of the legislation, implement regulations through the promulgation of an interim rule.

**Summary: Amendment in the Nature of a Substitute to  
H.R. 4785**

The amendment in the nature of a substitute to H.R. 4785 authorizes the Secretary of Agriculture to make loans to certain entities that agree that the funds will be used 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 energy use, and for other purposes.