



## DEPARTMENT OF AGRICULTURE

### Rural Utilities Service

#### 7 CFR Part 1719

#### RIN 0572-AC45

### Rural Energy Savings Program

**AGENCY:** Rural Utilities Service, USDA.

**ACTION:** Final rule and response to comments.

**SUMMARY:** The Rural Utilities Service (RUS), a Rural Development agency of the United States Department of Agriculture (USDA), is confirming the final rule published in the **Federal Register** on April 2, 2020 to establish the Rural Energy Savings Program (RESP) as authorized by Section 6407 of the Farm Security and Rural Investment Act of 2002, as amended. This document also provides the Agency an opportunity to acknowledge public comments received on the final rule.

**DATES:** The final rule published April 2, 2020 at 85 FR 18413 is confirmed.

**FOR FURTHER INFORMATION CONTACT:** Robert Coates, Rural Utilities Service, Electric Program, Rural Development, United States Department of Agriculture, 1400 Independence Avenue SW, STOP 1568, Room 5165-S, Washington DC 20250; Telephone: (202) 260-5415; Email [Robert.Coates@usda.gov](mailto:Robert.Coates@usda.gov).

**SUPPLEMENTARY INFORMATION:** The Rural Utilities Service published the RESP final rule to assist rural families and small businesses achieve cost savings by providing loans to qualified consumers through eligible entities to implement durable cost-effective energy efficiency measures pursuant to 7 U.S.C. 8107a(a) of the RESP authorizing statute. The Secretary may use this funding to allow eligible entities to offer energy efficiency loans to

customers in any part of their service territory in accordance to 7 CFR part 1719. The Agency encourages applications that will support recommendations made in the Rural Prosperity Task Force report (see [www.usda.gov/ruralprosperity](http://www.usda.gov/ruralprosperity)) to help improve life in rural America, to consider projects that provide measurable results in helping rural communities build robust and sustainable economies through strategic investments in infrastructure, partnerships and innovation. Key strategies include: Achieving e-Connectivity for rural America, developing the rural economy, harnessing technological innovation, supporting a rural workforce, and improving quality of life.

### **Summary of Comments and Responses**

RUS invited comments on the final rule published on April 2, 2020 in the **Federal Register** (85 FR 18413) and received three comments. Two comments were received were from business organizations; Fleet Development and Energy Trust. One comment was received from an individual, Mr. Inri Gonzalez. The comments and Agency's responses are summarized as follows:

*Issue 1:* One individual and one organization expressed support for the Program as published on April 2, 2020 in the **Federal Register**.

*Agency Response:* The Agency appreciates the input from the two respondents that support the final rule.

*Issue 2:* Two commenters provide energy efficiency services in their state, including services to multi-family dwellings and manufactured homes, and more specifically the replacement of substandard manufactured housing units. One commenter wrote that "One recommendation we offer is to re-consider the allowable payback period of both the RESP loan to the eligible borrower and the loan from the borrower to the qualified consumer. Often utility

infrastructure, energy efficiency and renewable energy projects are major long-term capital investments. It is not uncommon for a project of any scale to meet its return on investment in the 12-20-year range and then deliver energy savings for the next 10-20 years. We believe this financial reality may have been partly responsible for the historic under use of the program. Energy efficiency and renewable energy projects deliver their primary energy savings in the out years and are essentially break-even projects in the first years. A debt amortization period of only 10-years can leave a significant gap from Year 10 on.” The commenter suggested a potential solution would be to allow the eligible borrower to request repayment schedules that fit the needs of the project for both repayment to RESP and the qualified consumer repayment to the lender. The other commenter states that their company invested in manufactured home replacement projects in Oregon. “It has been our experience that the higher monthly payments associated with a 10-year loan term for higher cost measures such as manufactured homes, can constitute a significant obstacle for low- and moderate-income Oregonians—many of whom live in rural communities. The manufactured home replacement pilot program which they successfully operate utilizes a 20-year customer loan term. Should RUS find it feasible to do so, the agency should consider whether extending the Qualified consumer loan term to 20 years would result in more uptake by rural utility customers and more effectively advance RUS ability to deploy these funds to the benefit of rural Americans.”

Agency Response- The current 10-year maturity on loans to qualified consumers is a statutory requirement provided in the Rural Energy Savings Program enabling statute, see 7 U.S.C. 8107a(d)(1)(B). An amendment to that program feature will require Congressional action.

The RUS appreciates the interest of the commenters in the RESP and thanks them for their submissions.

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Chad Rupe,

Administrator, Rural Utilities Service.

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