

March 31, 2023

The Honorable Martin Heinrich
Chair
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. Senate
Washington, DC 20510

The Honorable John Hoeven
Ranking Member
Subcommittee on Agriculture, Rural
Development, Food and Drug
Administration, and Related Agencies
Committee on Appropriations
U.S. Senate
Washington, DC 20510

Re: Support for the Rural Energy Savings Program in Fiscal Year 2024 Appropriations

Dear Chair Heinrich and Ranking Member Hoeven:

We write in support of the Rural Energy Savings Program (RESP) of the U.S. Department of Agriculture (USDA) Rural Utilities Service (RUS). Based on the overwhelming demand for RESP in recent years, and its potential to contribute multiple climate and economic benefits in rural areas, we respectfully recommend appropriations of \$26 million in fiscal year (FY) 2024.

RESP, which Congress first authorized in the 2014 Farm Bill, provides zero-interest loans to electric cooperatives, state financing entities, green banks, and others to establish or expand residential and small business energy efficiency improvement programs. These programs offer rural households and small businesses no- or low-cost financing for cost-effective energy efficiency, renewable energy, and electrification improvements. These improvements are made at no upfront cost and repaid over time via a utility bill line-item. On average, these improvements cost between \$5,000 to \$15,000—an investment otherwise out of reach for many Americans, particularly in rural areas where families pay on average 40 percent more of their income for energy compared to their urban counterparts.

RESP loans are leveraged, so each dollar of federal appropriations facilitates zero-interest loans worth much more. But higher interest rates mean the credit subsidy mechanism used by RUS results in less leverage than before. An increase in appropriations in FY2024 is necessary to keep RESP at a constant level of lending authority, which also sends a message of certainty and confidence to prospective borrowers.

The demand for RESP loans remains strong. RUS has awarded almost \$290 million in RESP loans. USDA plays a key role in efforts to help drive economic growth and create jobs in rural communities, and robust funding for RESP in FY2024 is critical to ensure low-income families can enjoy the benefits of energy efficiency and clean energy improvements.

The benefits of RESP are wide-ranging. For many families and small businesses that ultimately receive the funds, they immediately realize lower energy bills from insulation, air sealing, and new heating and cooling equipment. Some RESP-funded programs also finance distributed renewable energy generation, energy storage, electric vehicle supply equipment, irrigation

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improvements, and more—provided that improvements can be shown to be cost-effective to the end user.

These investments all have the added benefits of resource conservation and, by lowering consumption and replacing fossil fuel with renewable sources to generate electricity, greenhouse gas emissions reductions. RESP also helps finance the last stretch of broadband infrastructure from the main line, which increases the number of households able to benefit from smart thermostats and other grid-enabled devices. Many RESP-funded programs are designed so financing for cost-effective improvements is accessible to all end-users regardless of income or credit, which helps provide a more equitable distribution of benefits.

Moreover, when implementing RESP programs, electric cooperatives and other eligible entities support local jobs implementing these improvements. The energy efficiency sector by itself accounted for about 2.2 million jobs in 2021, according to the U.S. Energy and Employment Report. Clean energy businesses contribute to local economic development and provide workers with new training opportunities, which are often too few in rural communities that disproportionately suffer from persistent poverty and high energy burdens.

Thank you for your consideration.

Sincerely,

American Council for an Energy-Efficient Economy
Environmental and Energy Study Institute
National Association of State Energy Officials
National Cooperative Business Association CLUSA
National Rural Electric Cooperative Association