

On-bill Financing: A Key Step in the Appalachian Transition

An important step to achieving a clean and economically viable future for rural electric cooperatives, their member-customers, and their local economies will be the establishment of “on-bill financing” programs which will help overcome the up-front costs of implementing energy efficiency and weatherization measures.

The Rural Energy Savings Program Act

On March 10, 2010, the Rural Energy Savings Program Act was introduced in Congress. The bill was introduced in both the House and the Senate with bipartisan support.

Under the new program proposed by the bill, the US Department of Agriculture’s Rural Utilities Service (RUS) will create a \$4.9 billion loan program available to cooperatives with a zero percent interest rate. Cooperatives in turn will make this money available to consumer members in the form of micro-loans with an interest rate of no more than 3 percent, which can be paid back primarily through savings on their electric bills. This type of loan program is called “on-bill financing” because the loan payments would be made right on the utility bill. Another key component is that the loan would stay with the real property (i.e. the electric meter) rather than with the utility customer.

Bipartisan co-sponsors of the Senate version of the bill (S. 3102) include Senators Jeff Merkley (D-OR), Lindsey Graham (R-SC), Richard Lugar (R-IN), Jeanne Shaheen (D-NH), Tim Johnson (D-SD), and Michael Bennett (D-CO).

A companion bill in the House of Representatives (H.R. 4785), was introduced by Representatives James Clyburn (D-SC), Tom Perriello (D-VA), Ed Whitfield (R-KY), and John Spratt (D-SC).

The National Rural Electric Cooperative Association is supporting the two bills, and you can find more information on their website at: http://www.nreca.org/PressRoom/Releases/20100310_RuralEnergy.htm.

Federal legislation has been introduced that can replace new coal-fired electricity with energy efficiency and weatherization, creating clean jobs and helping to reduce poverty in the Appalachian coalfields & other rural areas.

Why this bill is important & its implications for Appalachia

The East Kentucky Power Cooperative (EKPC) is a non-profit electric utility that provides power to 16 rural electric cooperatives across 87 Kentucky counties and is currently in the permitting process for the proposed construction of a new coal-burning power plant in Clark County, KY, called the Smith plant. About half of the counties served by EKPC are in Appalachia, and about a quarter are coal-producing counties. Many of these are some of the most economically distressed counties in the nation.

A recent report commissioned by Kentuckians For The Commonwealth, Kentucky Environmental Foundation, and the Cumberland Chapter of the Sierra Club found that an investment in a combination of energy efficiency, weatherization, hydropower and wind power initiatives in the region would generate more than 8,750 new jobs for Kentucky residents, with a total impact of more than \$1.7 billion on the region’s economy over the next three years. This alternative approach would meet the energy needs of EKPC customers at a lower cost than the proposed coal plant.

Federal and state policies that make possible on-bill financing for the energy efficiency and weatherization portion of the alternative are important steps toward a clean energy future for EKPC co-ops and their members. Passage of the Rural Energy Savings Program Act is integral to this future, and the jobs and positive economic impact it will bring.

**Support On-Bill Financing. Support the Rural Energy Savings Program Act.
S. 3102 / H.R. 4785**