Organizational background. The background section shall include descriptions of the management team responsible for implementing the Eligible EE Program.

Marketing plan. The marketing section should identify the target Consumers, promotional activities to be pursued and target penetration rates by Consumer category and investment activity.

Operations plan. The operations plan shall include but is not limited to:

1. A list of the activities and investments to be implemented under the EE Program and the Btu savings goal targeted for each category;
2. An estimate of the dollar amount of investment by the utility for each category of activities and investments listed under paragraph (d)(1) of this section;
3. A staffing plan that identifies whether and how outsourced contractors or subcontractors will be used to deliver the program;
4. A description of the process for documenting and perfecting collateral arrangements for Ultimate Recipient loans, if applicable; and
5. The overall Btu savings to be accomplished over the life of the EE Program.

Financial plan. The financial plan shall include but is not limited to:

1. A schedule showing sources and uses of funds for the program;
2. An itemized budget for each activity and investment category listed in the operations plan;
3. An aggregate Cost effectiveness forecast;
4. Where applicable, provision for Ultimate Recipient loan delinquency and default rates and report annually on deviations from the expected rates.

Risk analysis. The business plan shall include an evaluation of the financial and operational risk associated with the program, including an estimate of prospective Consumer loan losses consistent with the loan loss reserve to be established pursuant to paragraph (e)(4) of this section.

The borrowers are strongly encouraged to follow a bulletin or such other publication as RUS deems appropriate that contains and describes best practices for energy efficiency business plans. RUS will make this bulletin or publication publicly available and revise it from time-to-time as RUS deems it necessary.

Quality assurance plan. An eligible EE program must have a quality assurance plan as part of the program. The quality assurance plan is expected to have a global perspective on the borrower’s energy efficiency plan. Therefore, energy efficiency upgrades should be identified in aggregate. Every effort is made to fund only EE programs that are administered in accordance with quality assurance plans meeting standards designed to achieve the purposes of this subpart. However, RUS and its employees assume no legal liability for the accuracy, completeness or usefulness of any information, product, service, or process funded directly or indirectly with financial assistance provided under this subpart. Nothing in the loan documents between RUS and the energy efficiency borrower shall confer upon any other person any right, benefit or remedy of any nature whatsoever. Neither RUS nor its employees makes any warranty, express or implied, including the warranties of merchantability and fitness for a particular purpose, with respect to any information, product, service, or process available from an energy efficiency borrower. The approval by RUS and its employees of an energy efficiency borrower’s quality assurance plan is solely for the benefit of RUS. Approval of the quality assurance plan does not constitute an RUS endorsement. The quality assurance plan must have the following elements:

(a) Quality assurance assessments shall include the use of qualified energy managers or professional engineers to evaluate program activities and investments;
(b) Where applicable, program evaluation activities should use the protocols for determining energy savings as developed by the U.S. Department of...
Energy in the Uniform Methods Project.

(c) Energy audits shall be performed for energy efficiency investments involving the building envelope at an Ultimate Recipient premises;

(d) Energy audits must be performed by certified energy auditors; and

(e) Follow up audits shall be performed within one year after installation on a sample of investments made to confirm whether efficiency improvement expectations are being met.

(f) In cases involving energy efficiency upgrades to a single system (such as a ground source heat pump) the new system must be designed and installed by certified and insured professionals acceptable to the utility.

(g) Industry or manufacturer standard performance tests, as applicable, shall be required on any system upgraded as a result of an EE Program. This testing shall indicate the installed system is meeting its designed performance parameters.

(h) In some programs the utility may elect to recommend independent contractors who can perform energy efficiency related work for their customers. In these cases utilities shall monitor the work done by the contractors and confirm that the contractors are performing quality work. Utilities should remove substandard contractors from their recommended lists if the subcontractors fail to perform at a satisfactory level. RUS does not endorse or recommend any particular independent contractors.

(i) Contractors not hired by the utility may not act as agents of the utility in performing work financed under this subpart.

(j) The borrowers are strongly encouraged to follow a bulletin or other publication that RUS deems appropriate and contains and describes best practices for energy efficiency quality assurance plans. RUS will make this bulletin or publication publicly available and revise it from time-to-time as RUS deems it necessary.

§ 1710.409 Loan provisions.

(a) Loan term. The maximum term for loans under this subpart shall be 15 years unless the loans relate to ground source loop investments or technology on an aggregate basis that has a useful life greater than 15 years. Ground source loop investments as the term is used in this paragraph do not include ancillary equipment related to ground source heat pump systems.

(b) Loan feasibility. Loan feasibility must be demonstrated for all loans made under this subpart. Loans made under this subpart shall be secured.

(c) Reimbursement for completed projects. (1) A borrower may request an initial advance not to exceed five percent of the total loan amount for working capital purposes to implement an eligible EE Program;

(2) Except for the initial advance provided for in paragraph (c)(1) of this section, all advances under this subpart shall be used for reimbursement of expenditures relating to a completed activity or investment; and

(3) Advances shall be in accordance with RUS procedures.

(d) Loan amounts. (1) Cumulative loan amounts outstanding under this subpart will be determined by the Assistant Administrator of the Electric Program and based an applicant’s business plan; and

(2) Financing for administrative costs may not exceed 5 percent of the total loan amount.

(3) The Rural Utilities Service reserves the right to place a cap on both the total amount of funds an eligible entity can apply for, as well as a cap on the total amount of funds the Energy Efficiency and Conservation Program can utilize in the appropriations.

§ 1710.410 Application documents.

The required application documentation listed in this section is not all inclusive but is specific to Eligible borrowers requesting a loan under this subpart and in most cases is supplemental to the general requirements for loan applications provided for in this part 1710:

(a) A letter from the Borrower’s General Manager requesting a loan under this subpart.

(b) A copy of the board resolution establishing the EE Program that reflects an undertaking that funds collected in excess of then current amortization requirements for the related RUS loan will be redeployed for EE