## PART A-TEXT OF THE AMENDMENT IN THE NATURE OF A SUBSTITUTE TO BE CONSIDERED AS AN ORIGINAL BILL

Strike all after the enacting clause and insert the following:

1 SECTION 1. HOME STAR ENERGY EFFICIENCY LOAN PRO-

GRAM.
(a) Definttions.-In this section:
(1) Eligiblae participant.-The term "eligible participant" means a homeowner who receives financial assistance from a qualified financing entity to carry out qualifying energy savings measures pursuant to this section, and who is not also a qualified consumer under section 2 .
(2) Qualified financing entity.-The term "qualified financing entity" means a State, political subdivision of a State, tribal government, electric utility, natural gas utility, nonprofit or communitybased organization, energy service company, retailer, or any other entity that-
(A) meets the eligibility requirements of this section; and

24 gram under which the Secretary of Energy shall offer
25 loans at zero percent interest to States to support finan-
cial assistance provided by qualified financing entities for the installation of qualifying energy savings measures.
(e) Energy Efficiency Measures and Stand-ards.-The Secretary of Energy, in consultation with the Secretary of Agriculture, shall publish-
(1) not later than 90 days after the date of enactment of this Act, a master list of residential energy efficiency measures determined to be cost-effective, readily available from commercial sources, to be permanently installed in a residence, and capable of supporting measurement and verification of the energy savings that results from their adoption;
(2) additions to such a list, approved by the Secretary of Energy, of other residential energy efficiency measures that are-
(A) recommended by the Secretary of Agriculture;
(B) calculated to achieve sufficient energy savings that they will achieve a simple payback within 10 years or less; and
(C) permanently installed in a residence;
(3) specifications for whole-house energy performance analyses simulating energy use before and after a retrofit utilizing measures from the master list published pursuant to paragraphs (1) and (2)
and such other permanent structural measures as can be demonstrated, when installed and operated as intended, to improve residential energy efficiency in a manner that can be determined with confidence to be cost-effective and to recover their own cost in energy cost savings within the term of a proposed loan; and
(4) a protocol for measurement and verification of the energy savings that have resulted from any and all energy efficiency measures taken with respect to a residence and financed in whole or in part pursuant to this title.
(d) Eligibility of Qualified Financing Enti-ties.-To be eligible to participate in the Home Star Loan Program, a qualified financing entity shall-
(1) offer a financing product under which eligible participants may pay over time for the cost to the eligible participant (after all applicable Federal, State, local, and other rebates or incentives are applied) of installations described in subsection (b);
(2) require all financed installations to be performed by contractors in a manner that meets building code requirements and other appropriate minimum standards;
(3) establish standard underwriting criteria to determine the eligibility of Home Star Loan Program applicants, which criteria shall be consistent with-
(A) with respect to unsecured consumer loan programs, standard underwriting criteria used under the energy loan program of the Federal National Mortgage Association; or
(B) with respect to secured loans or other forms of financial assistance, commercially recognized best practices applicable to the form of financial assistance being provided (as determined by the designated entity administering the Home Star Loan Program in the State); and
(4) undertake particular efforts to make such loans available in public use microdata areas that have a poverty rate of 12 percent or more in a proportion of total loans made at least equal to the proportion the number of residents in such areas bears to the total population of the area served by that qualified financing entity.
(e) Allocation--In allocating 75 percent of the loan funds made available to States for each fiscal year under this section, the Secretary of Energy shall use the

1 formula used to allocate funds to States to carry out State 2 energy conservation plans established under part $D$ of title

3 III of the Energy Policy and Conservation Act (42 U.S.C.
46321 et seq.), with appropriate modifications to reflect the
5 funds to be provided in States for loans under section 2.
6 In allocating the remaining 25 percent of the loan funds made available to States for each fiscal year under this 8 section, the Secretary of Energy may vary the result of 9 the formula to recognize and reward those States that 10 make the best progress in providing loans to low-income
(1) will ase the funds provided pursuant to this section solely as provided in this section;
(2) has 1 or more qualified financing entities that meet the requirements of this section;
(3) has established, or has required its designated qualified financing entities to establish, a qualified loan program mechanism that-
(A) will use a quality assurance program or another appropriate methodology to ensure energy savings;
(B) incorporates an effective repayment mechanism, which may include-
(i) on-utility-bill repayment;
(ii) tax assessment or other form of property assessment financing;
(iii) municipal service charges;
(iv) energy or energy efficiency services contracts;
(v) energy efficiency power purchase agreements;
(vi) unsecured loans applying the underwriting requirements of the energy loan program of the Federal National Mortgage Association; or
(vii) alternative contractual repayment mechanisms that have been demonstrated to have appropriate risk mitigation features;
(4) will provide, in a timely manner, all information regarding the administration of the Home Star Loan Program as the Secretary of Energy may
require to permit the Secretary of Energy to meet program evaluation requirements; and
(5) will commit to the full repayment of the loaned funds to the Secretary of Energy by a date not later than 20 years from the date of the loan closing.
(g) Use of Funds.-Funds made available to States for carrying out the Home Star Loan Program may be used to support financing mechanisms offered by qualified financing entities to eligible participants, including-
(1) interest rate reductions to interest rates as low as zero percent;
(2) loan loss reserves or other forms of credit enhancement;
(3) revolving loan funds from which qualified financing entities may offer direct loans; or
(4) other debt instruments necessary-
(A) to use available funds to obtain appropriate leverage through private investment; and
(B) to support widespread deployment of energy efficiency programs.
(h) Use of Repaid Funds.-In the case of a revolving loan fund described in subsection (g)(3), a qualified financing entity may use funds repaid by eligible participants under the Home Star Loan Program to provide fi-
nancial assistance for additional eligible participants for installations described in subsection (b) in a manner that is consistent with this section.
(i) Administrative Costs.-A State may permit a qualified financing entity to charge interest of 3 percent to cover the costs of loan administration and personnel and program management, or for establishing a loan loss reserve.
(j) Reporting Requirements.-The Secretary of Energy shall report to the Congress on the implementation of this title, including the energy savings and cost savings estimated to be achieved, not later than 1 year after the date of enactment of this Act, and again by not later than 2 years after the date of enactment of this section.
(k) Assessment by Government Accountability Office.-The Comptroller General shall, by not later than 18 months after the date of enactment of this Act, prepare and submit to the Congress an analysis and report determining-
(1) the actual taxpayer funds made available for the program created in this section;
(2) the actual amounts of such funds made available to eligible participants or qualified consumers in the program created in this section;
(3) the extent of measured and verified residential energy savings achieved and expected to be achieved on an ongoing basis as a function of this program;
(4) the extent to which funds were made available to support commercial or industrial energy efficiency measures under this program;
(5) the extent to which funds made available were expended for training, administration, program support by contractors, or trade association activities under this program; and
(6) the consistency and rigor of the standards for energy efficiency and for measurement and verification adopted and implemented by this program.
(l) Authorization.--There are authorized to be appropriated for purposes of this section $\$ 850,000,000$ for each of fiscal years 2010 through 2014, which shall remain available until expended.

## SEC. 2. RURAL ENERGY SAVINGS PROGRAM.

(a) Definitions.-In this section:
(1) Eligible entity.-The term "eligible entity" means-
(A) any public or cooperative electric utility that is eligible to borrow from the Rural

Utilities Service electrification program authorized under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) that serves a rural area;
(B) any current borrower of the Rural Utilities Service electrification program authorized under that Act; or
(C) any entity primarily owned or controlled by an entity described in subparagraph (A) or (B).
(2) Energy efficiency measure.-The term "energy efficiency measure", with respect to property served by an eligible entity, means a fixed structural improvement and investment in a cost-effective, commercial off-the-shelf technology to reduce residential energy use that is either-
(A) included in the master list published under section 1(c)(1) and (2); or
(B) stipulated in a whole-house simulation conducted pursuant to section $1(\mathrm{c})(3)$.
(3) Farm efficievey measure.-The term "farm efficiency measure" means an energy saving application that is a fixed improvement installed in or attached to a building or structure on a farm at a total loan value for that farm of $\$ 50,000$ or less,
that is not otherwise an energy efficiency measure, and that would achieve energy savings sufficient to repay the cost of the measure in 10 years or fewer.
(4) QUALIFIED CONSUMER.-The term "qualified consumer" means a consumer served by an eligible entity that has the ability to repay a loan made under subsection (d), as determined by an eligible entity, and who has not accepted any loan as an eligible participant pursuant to section 1.
(5) Qualified entity.-The term "qualified entity" means any organization that the Secretary of Agriculture determines has significant experience in providing eligible entities with-
(A) advice on energy, environmental, energy efficiency, and information research and technology;
(B) training, education, and consulting;
(C) guidance in energy and operational issues and rural community and economic development; and
(D) other relevant assistance, as determined by the Secretary of Agriculture. (6) RURAI AREA.-The term "rural area" means any area other than-
(A) a city or town that has a population of greater than 50,000 inhabitants; and
(B) any urbanized area contiguous and adjacent to a city or town described in subparagraph (A).
(b) Establishment.--The Secretary of Agriculture, acting through the Rural Utility Service, shall establish the Rural Star Energy Savings Program for the purpose of making loans to eligible entities that agree to accept the loan funds authorized pursuant to this section to make loans to qualified consumers for the purpose of implementing residential energy efficiency measures or farm efficiency measures approved by the Secretary of Agriculture.
(c) Loans to Eligible Entities.-
(1) LOANS AUTHORIZED.--Subject to paragraph (2), the Secretary of Agriculture shall make loans to an eligible entity that agrees that the loan funds will be used to make loans to qualified consumers as described in subsection (d) for the purpose of implementing one or more energy efficiency measures, or a farm efficiency measure in response to an application by an eligible entity.
(2) List, plan, and measurement and verification required.-
1.
(A) In general.-As a condition to receiving a loan under paragraph (1), an eligible entity shall-
(i) establish a list of energy efficiency measures or farm efficiency measures expected to decrease energy use or costs of a qualified consumer from the master list published under section $1(\mathrm{c})(1)$ and (2);
(ii) establish a procedure to identify to the Secretary of Agriculture any specific farm efficiency measures for which the eligible entity seeks authority to make a loan;
(iii) prepare an implementation plan for use of the loan funds to ensure that a loan to a qualified consumer is for energy efficiency investments that will achieve savings sufficient to service the loan during the term of the loan; and
(iv) provide for appropriate measurement and verification as prescribed by the Secretary of Agriculture to ensure the actual use and effectiveness of the energy efficiency loans made by the eligible entity. (B) Revision of list of energy efficiency measures.-An eligible entity may up-
date the list required under subparagraph (A)(i) to account for efficiency technologies added to the master list published under section $1(c)(1)$ pursuant to section $1(c)(2)$, or farm efficiency measures approved by the Secretary of Agriculture.
(C) Existing energy efficiency pro-GRams.-An eligible entity that, on or before the date of the enactment of this Act, has already established an energy efficiency program for qualified consumers may submit an existing list of energy efficiency measures or farm efficiency measures, implementation plans, or measurement and verification systems to satisfy the requirements of subparagraph (A) to the Secretary of Agriculture and may use such list until and unless such list is inconsistent with the measures published pursuant to section 1(c)(1) and (2).
(3) Loan terms for loans to eligible en-TITIES.-
(A) No interest.-A loan made to an eligible entity under paragraph (1) shall bear no interest.
(B) Repayment.-With respect to a loan under paragraph (1)-
(i) the term shall not exceed 20 years from the date the loan is closed; and
(ii) except as provided in subparagraph (D); the repayment of each advance shall be amortized for a period not to exceed 10 years.
(C) Amount of advances.--Any advance of loan funds to an eligible entity in any single year shall not exceed 30 percent of the approved loan amount.
(D) Spectal advance for start-up ac-TIVITIES.-
(i) In General.-In order to assist an eligible entity in defraying initial startup costs, the Secretary of Agriculture shall allow an eligible entity to request a special advance.
(ii) Amount of special advance.No eligible entity may receive a special advance under this subparagraph for an amount that is greater than 4 percent of the loan amount received by the eligible entity under paragraph (1).
(iii) Repayment.-The repayment of the special advance shall be required within 10 years after the special advance is made and, at the election of the eligible entity, may be deferred to the end of the 10 year period.
(E) Limitation on advances.-All advances shall be made under a loan described in paragraph (1) within the first 10 years of the term of the loan.
(d) Loans to Qualified Consumers.--
(1) Terms of loans.--Loans made by an eligible entity to qualified consumers using loan funds provided by the Secretary of Agriculture under subsection (c)-
(A) may bear interest, not to exceed three percent, to be used by the eligible entity for purposes such as establishing a loan loss reserve and to offset personnel and program costs of the eligible entity to provide the loans;
(B) shall finance only energy efficiency measures or farm efficiency measures for the purpose of decreasing energy usage or costs of a qualified consumer by an amount such that a loan term of not more than 10 years will achieve a simple payback of the amount invested;
(C) shall not be used to fund purchases of, or modifications to, personal property unless the personal property-
(i) is or becomes attached to real property as a fixture; or
(ii) is a manufactured home;
(D) shall be repaid through charges added to the electric bill for the property for, or at which energy efficiency measures are or will be implemented, except that this requirement shall not be construed to prohibit-
(i) the voluntary prepayment of a loan by the owner of the property; or
(ii) the use of any additional repayment mechanisms that are-
(I) demonstrated to have appropriate risk mitigation features, as determined by the eligible entity; or
(II) required if the qualified consumer is no longer a customer of the eligible entity; and
(E) shall require an energy audit to determine the impact of proposed energy efficiency
measures on the energy costs and consumption of the qualified consumer.
(2) Contractors.-In addition to any other qualified general contractor, eligible entities may serve as general contractors.
(3) Use of other energy efficiency in-Centives.-Energy efficiency incentives made available under any other Act, including rebates, grants, or any other payments, may be used to reduce the amount of a loan made under this subsection to qualified consumers in order to meet the requirement of paragraph (1)(B).
(e) Measurement, Verification, Training, and Technichal Assistance.-
(1) Duties of the secretary.-The Secretary of Agriculture-
(A) shall establish an implementation and measurement and verification advisory committee consisting of representatives of eligible entities and qualified entities;
(B) may enter into cooperative agreements with qualified entities to provide technical assistance and training to the employees of eligible entities to carry out this section; and
(C) shall establish a process to compile and maintain a directory of energy efficiency auditors that are used by eligible entities to carry out this section.
(2) Exception.-
(A) The Secretary of Agriculture shall not utilize the authority provided under this subsection or subsection (j) to-
(i) develop, adopt, or implement a public labeling system that rates and compares the energy performance among qualified consumers; or
(ii) require the public disclosure of an energy performance evaluation or rating developed for any qualified consumer.
(B) Nothing in this paragraph shall pre-clude-
(i) the computation, collection, or use, by the Secretary of Agriculture, eligible entity, or qualified entity for the purposes of aggregating information on the rating and comparison of the energy performance among qualified consumers with and without energy efficiency features or on energy performance evaluation or rating;
(ii) the use and publication of aggregate data (without identifying individual qualified consumers) based on information referred to in clause (i) to determine or demonstrate the performance of this program; or
(iii) the provision of information referred to in clause (i) with respect to a qualified consumer:
(I) to the State, eligible consumer, eligible entity, or qualified entity, as necessary to enable carrying out this title; or
(II) for purposes of prosecuting fraud and abuse.
(f) Fast Start Demonstration Projects.-The Secretary of Agriculture shall, not later than 90 days after the enactment of this section, enter into agreements with eligible entities (or groups of eligible entities) that have established an energy efficiency program described in subsection (c)(2)(C) to establish an energy efficiency loan demonstration projects consistent with the purposes of this section that-
(1) implement approaches to energy audits and investments in energy efficiency measures or farm
efficiency measures that yield measurable and predictable savings;
(2) use measurement and verification processes to determine the effectiveness of energy efficiency loans made by eligible entities;
(3) include training for employees of eligible entities, including any contractors of such entities, to implement or oversee the activities described in paragraphs (1) and (2);
(4) provide for the participation of a majority of eligible entities in a State;
(5) reduce the need for generating capacity;
(6) provide efficiency loans to-
(A) not fewer than 20,000 consumers, in the case of a single eligible entity; or
(B) not fewer than 80,000 consumers, in the case of a group of eligible entities; and
(7) serve areas where 15 percent or more of consumers reside-
(A) in manufactured homes; or
(B) in housing units that are more than 50 years old.
(g) Additional Authority.-The authority provided in this section is in addition to any authority of the

1 Secretary of Agriculture to offer loans under any other 2 law.

3 (h) Effective Period.--Except as otherwise pro4 vided in this section, the loans and other expenditures re5 quired to be made under this section are authorized to 6 be made during each of fiscal years 2010 through 2014.

7 (i) REGULATIONS.-

10 after the date of enactment of this section, the Sec11. retary of Agriculture shall promulgate such regula-
(1) In GENERAL.-Except as otherwise provided in this subsection, not later than 180 days tions as are necessary to implement this section.
(2) Procedure.-The promulgation of the regulations and administration of this section shall be made without regard to-
(A) chapter 35 of title 44 , United States Code (commonly known as the "Paperwork Reduction Act"); and
(B) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking.
(3) Congressional review of agency kule-MAKING.-In carrying out this section, the Secretary

1 of Agriculture shall use the authority provided under 2 section 808 of title 5, United States Code.
(4) Interim regulations:-Notwithstanding paragraphs (1) and (2), to the extent regulations are necessary to carry out any provision of this section,
rule.
(j) Audit of Program.-The Secretary of Agri10 culture shall conduct an audit of the program authorized 11 by this section to ensure that the funds provided to eligible 12 entities under this section are used in accordance with the
(k) Reporting Requirements.-The Secretary of 15. Agricultare shall report to the Congress on the implemen16. tation of this Act, including the energy savings and costs 17 savings estimated to be achieved, not later than 1 year 18 after the date of enactment of this Act, and again not later

19 than 2 years after the date of enactment of this Act.
(l) Assesment by Government Accountabildty

21 Office. The Comptroller General shall, by not later 22 than 18 months after the date of enactment of this Act, 23 prepare and submit to the Congress an analysis and report 24 determining-
(1) the actual taxpayer funds made available for the program created in this section;
(2) the actual amounts of such funds made available to eligible entities for qualified consumers in the program created in this section;
(3) the extent of measured and verified energy savings achieved and expected to be achieved on an ongoing basis as a function of the program created in this section;
(4) the extent to which funds made available were expended for training, administration, and program support by eligible entities and qualified entities under the program created in this section; and
(5) the consistency and rigor of the standards for energy efficiency and for measurement and verification adopted and implemented by program created in this section.
(m) Authorization.-There are authorized to be appropriated for purposes of this section $\$ 150,000,000$ for each of fiscal years 2010 through 2014, which shall remain available until expended.

