Amendment in the Nature of a Substitute to H.R. 4785, as Reported Offered by M $_{\cdot}$.

Srike all after the enacting clause and insert the following:

1	SECTION 1. HOME STAR ENERGY EFFICIENCY LOAN PRO-
2	GRAM.
3	(a) Definitions.—In this section:
4	(1) ELIGIBLE PARTICIPANT.—The term "eligi-
5	ble participant" means a homeowner who receives fi-
6	nancial assistance from a qualified financing entity
7	to carry out qualifying energy savings measures pur-
8	suant to this section, and who is not also a qualified
9	consumer under section 2.
10	(2) QUALIFIED FINANCING ENTITY.—The term
11	"qualified financing entity" means a State, political
12	subdivision of a State, tribal government, electric
13	utility, natural gas utility, nonprofit or community-
14	based organization, energy service company, retailer,
15	or any other entity that—
16	(A) meets the eligibility requirements of
17	this section; and

1	(B) is designated by the Governor of a
2	State in accordance with subsection $(f)(1)$,
3	except that an entity that is an eligible entity under
4	section 2 shall not be a qualified financing entity.
5	(3) Qualified loan program mechanism.—
6	The term "qualified loan program mechanism"
7	means a mechanism for the establishment and oper-
8	ation of a loan program that is—
9	(A) administered by a qualified financing
10	entity; and
11	(B) funded in significant part—
12	(i) by funds provided by or overseen
13	by a State; or
14	(ii) through the energy loan program
15	of the Federal National Mortgage Associa-
16	tion.
17	(4) Qualifying energy savings measure.—
18	The term "qualifying energy savings measure"
19	means a measure listed under subsection $(c)(1)$ or
20	(2) or stipulated in a whole-house analysis under
21	subsection $(c)(3)$.
22	(b) Establishment.—The Secretary of Energy
23	shall establish a Home Star Energy Efficiency Loan Pro-
24	gram under which the Secretary of Energy shall offer
25	loans at zero percent interest to States to support finan-

1	cial assistance provided by qualified financing entities for
2	the installation of qualifying energy savings measures.
3	(c) Energy Efficiency Measures and Stand-
4	ARDS.—The Secretary of Energy, in consultation with the
5	Secretary of Agriculture, shall publish—
6	(1) not later than 90 days after the date of en-
7	actment of this Act, a master list of residential en-
8	ergy efficiency measures determined to be cost-effec-
9	tive, readily available from commercial sources, to be
10	permanently installed in a residence, and capable of
11	supporting measurement and verification of the en-
12	ergy savings that results from their adoption;
13	(2) additions to such a list, approved by the
14	Secretary of Energy, of other residential energy effi-
15	ciency measures that are—
16	(A) recommended by the Secretary of Agri-
17	culture;
18	(B) calculated to achieve sufficient energy
19	savings that they will achieve a simple payback
20	within 10 years or less; and
21	(C) permanently installed in a residence;
22	(3) specifications for whole-house energy per-
23	formance analyses simulating energy use before and
24	after a retrofit utilizing measures from the master
25	list published pursuant to paragraphs (1) and (2)

1	and such other permanent structural measures as
2	can be demonstrated, when installed and operated as
3	intended, to improve residential energy efficiency in
4	a manner that can be determined with confidence to
5	be cost-effective and to recover their own cost in en-
6	ergy cost savings within the term of a proposed loan;
7	and
8	(4) a protocol for measurement and verification
9	of the energy savings that have resulted from any
10	and all energy efficiency measures taken with re-
11	spect to a residence and financed in whole or in part
12	pursuant to this title.
13	(d) Eligibility of Qualified Financing Enti-
14	TIES.—To be eligible to participate in the Home Star
15	Loan Program, a qualified financing entity shall—
16	(1) offer a financing product under which eligi-
17	ble participants may pay over time for the cost to
18	the eligible participant (after all applicable Federal,
19	State, local, and other rebates or incentives are ap-
20	plied) of installations described in subsection (b);
21	(2) require all financed installations to be per-
22	formed by contractors in a manner that meets build-
23	ing code requirements and other appropriate min-
24	imum standards;

1	(3) establish standard underwriting criteria to
2	determine the eligibility of Home Star Loan Pro-
3	gram applicants, which criteria shall be consistent
4	with—
5	(A) with respect to unsecured consumer
6	loan programs, standard underwriting criteria
7	used under the energy loan program of the
8	Federal National Mortgage Association; or
9	(B) with respect to secured loans or other
10	forms of financial assistance, commercially rec-
11	ognized best practices applicable to the form of
12	financial assistance being provided (as deter-
13	mined by the designated entity administering
14	the Home Star Loan Program in the State);
15	and
16	(4) undertake particular efforts to make such
17	loans available in public use microdata areas that
18	have a poverty rate of 12 percent or more in a pro-
19	portion of total loans made at least equal to the pro-
20	portion the number of residents in such areas bears
21	to the total population of the area served by that
22	qualified financing entity.
23	(e) Allocation.—In allocating 75 percent of the
24	loan funds made available to States for each fiscal year
25	under this section, the Secretary of Energy shall use the

formula used to allocate funds to States to carry out State energy conservation plans established under part D of title 3 III of the Energy Policy and Conservation Act (42 U.S.C. 4 6321 et seq.), with appropriate modifications to reflect the funds to be provided in States for loans under section 2. 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 the formula to recognize and reward those States that 10 make the best progress in providing loans to low-income areas pursuant to subsection (d)(4). 11 (f) QUALIFIED FINANCING ENTITIES.—Before mak-12 ing funds available to a State under this section, the Secretary of Energy shall require the Governor of the State 15 to provide to the Secretary of Energy a letter of agreement that the State— 16 17 (1) will use the funds provided pursuant to this 18 section solely as provided in this section; 19 (2) has 1 or more qualified financing entities 20 that meet the requirements of this section; 21 (3) has established, or has required its des-22 ignated qualified financing entities to establish, a 23 qualified loan program mechanism that—

1	(A) will use a quality assurance program
2	or another appropriate methodology to ensure
3	energy savings;
4	(B) incorporates an effective repayment
5	mechanism, which may include—
6	(i) on-utility-bill repayment;
7	(ii) tax assessment or other form of
8	property assessment financing;
9	(iii) municipal service charges;
10	(iv) energy or energy efficiency serv-
11	ices contracts;
12	(v) energy efficiency power purchase
13	agreements;
14	(vi) unsecured loans applying the un-
15	derwriting requirements of the energy loan
16	program of the Federal National Mortgage
17	Association; or
18	(vii) alternative contractual repayment
19	mechanisms that have been demonstrated
20	to have appropriate risk mitigation fea-
21	tures;
22	(4) will provide, in a timely manner, all infor-
23	mation regarding the administration of the Home
24	Star Loan Program as the Secretary of Energy may

1	require to permit the Secretary of Energy to meet
2	program evaluation requirements; and
3	(5) will commit to the full repayment of the
4	loaned funds to the Secretary of Energy by a date
5	not later than 20 years from the date of the loan
6	closing.
7	(g) Use of Funds.—Funds made available to States
8	for carrying out the Home Star Loan Program may be
9	used to support financing mechanisms offered by qualified
10	financing entities to eligible participants, including—
11	(1) interest rate reductions to interest rates as
12	low as zero percent;
13	(2) loan loss reserves or other forms of credit
14	enhancement;
15	(3) revolving loan funds from which qualified fi-
16	nancing entities may offer direct loans; or
17	(4) other debt instruments necessary—
18	(A) to use available funds to obtain appro-
19	priate leverage through private investment; and
20	(B) to support widespread deployment of
21	energy efficiency programs.
22	(h) USE OF REPAID FUNDS.—In the case of a revolv-
23	ing loan fund described in subsection (g)(3), a qualified
24	financing entity may use funds repaid by eligible partici-
25	pants 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. 3 4 (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 8 reserve. 9 (j) Reporting Requirements.—The Secretary of 10 Energy shall report to the Congress on the implementation of this title, including the energy savings and cost savings 12 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. 14 15 (k) Assessment by Government Accountability Office.—The Comptroller General shall, by not later 16 than 18 months after the date of enactment of this Act, 17 prepare and submit to the Congress an analysis and report 18 19 determining— 20 (1) the actual taxpayer funds made available 21 for the program created in this section; 22 (2) the actual amounts of such funds made 23 available to eligible participants or qualified con-24 sumers in the program created in this section;

1	(3) the extent of measured and verified residen-
2	tial energy savings achieved and expected to be
3	achieved on an ongoing basis as a function of this
4	program;
5	(4) the extent to which funds were made avail-
6	able to support commercial or industrial energy effi-
7	ciency measures under this program;
8	(5) the extent to which funds made available
9	were expended for training, administration, program
10	support by contractors, or trade association activities
11	under this program; and
12	(6) the consistency and rigor of the standards
13	for energy efficiency and for measurement and
14	verification adopted and implemented by this pro-
15	gram.
16	(l) AUTHORIZATION.—There are authorized to be ap-
17	propriated for purposes of this section \$850,000,000 for
18	each of fiscal years 2010 through 2014, which shall re-
19	main available until expended.
20	SEC. 2. RURAL ENERGY SAVINGS PROGRAM.
21	(a) Definitions.—In this section:
22	(1) Eligible entity.—The term "eligible enti-
23	ty" means—
24	(A) any public or cooperative electric util-
25	ity that is eligible to borrow from the Rural

1	Utilities Service electrification program author-
2	ized under the Rural Electrification Act of
3	1936 (7 U.S.C. 901 et seq.) that serves a rural
4	area;
5	(B) any current borrower of the Rural
6	Utilities Service electrification program author-
7	ized under that Act; or
8	(C) any entity primarily owned or con-
9	trolled by an entity described in subparagraph
10	(A) or (B).
11	(2) Energy efficiency measure.—The term
12	"energy efficiency measure", with respect to prop-
13	erty served by an eligible entity, means a fixed struc-
14	tural improvement and investment in a cost-effec-
15	tive, commercial off-the-shelf technology to reduce
16	residential energy use that is either—
17	(A) included in the master list published
18	under section $1(c)(1)$ and (2) ; or
19	(B) stipulated in a whole-house simulation
20	conducted pursuant to section $1(e)(3)$.
21	(3) Farm efficiency measure.—The term
22	"farm efficiency measure" means an energy saving
23	application that is a fixed improvement installed in
24	or attached to a building or structure on a farm at
25	a total loan value for that farm of \$50,000 or less,

1	that is not otherwise an energy efficiency measure,
2	and that would achieve energy savings sufficient to
3	repay the cost of the measure in 10 years or fewer.
4	(4) Qualified consumer.—The term "quali-
5	fied consumer" means a consumer served by an eli-
6	gible entity that has the ability to repay a loan made
7	under subsection (d), as determined by an eligible
8	entity, and who has not accepted any loan as an eli-
9	gible participant pursuant to section 1.
10	(5) QUALIFIED ENTITY.—The term "qualified
11	entity" means any organization that the Secretary of
12	Agriculture determines has significant experience in
13	providing eligible entities with—
14	(A) advice on energy, environmental, en-
15	ergy efficiency, and information research and
16	technology;
17	(B) training, education, and consulting;
18	(C) guidance in energy and operational
19	issues and rural community and economic de-
20	velopment; and
21	(D) other relevant assistance, as deter-
22	mined by the Secretary of Agriculture.
23	(6) Rural area.—The term "rural area"
24	means any area other than—

1	(A) a city or town that has a population of
2	greater than 50,000 inhabitants; and
3	(B) any urbanized area contiguous and ad-
4	jacent to a city or town described in subpara-
5	graph (A).
6	(b) Establishment.—The Secretary of Agriculture,
7	acting through the Rural Utility Service, shall establish
8	the Rural Star Energy Savings Program for the purpose
9	of making loans to eligible entities that agree to accept
10	the loan funds authorized pursuant to this section to make
11	loans to qualified consumers for the purpose of imple-
12	menting residential energy efficiency measures or farm ef-
13	ficiency measures approved by the Secretary of Agri-
14	culture.
15	(c) Loans to Eligible Entities.—
16	(1) Loans authorized.—Subject to para-
17	graph (2), the Secretary of Agriculture shall make
18	loans to an eligible entity that agrees that the loan
19	funds will be used to make loans to qualified con-
20	sumers as described in subsection (d) for the pur-
21	pose of implementing one or more energy efficiency
22	measures, or a farm efficiency measure in response
23	to an application by an eligible entity.
24	(2) List, plan, and measurement and
25	VERIFICATION REQUIRED —

1	(A) In general.—As a condition to re-
2	ceiving a loan under paragraph (1), an eligible
3	entity shall—
4	(i) establish a list of energy efficiency
5	measures or farm efficiency measures ex-
6	pected to decrease energy use or costs of a
7	qualified consumer from the master list
8	published under section $1(c)(1)$ and (2) ;
9	(ii) establish a procedure to identify to
10	the Secretary of Agriculture any specific
11	farm efficiency measures for which the eli-
12	gible entity seeks authority to make a loan;
13	(iii) prepare an implementation plan
14	for use of the loan funds to ensure that a
15	loan to a qualified consumer is for energy
16	efficiency investments that will achieve sav-
17	ings sufficient to service the loan during
18	the term of the loan; and
19	(iv) provide for appropriate measure-
20	ment and verification as prescribed by the
21	Secretary of Agriculture to ensure the ac-
22	tual use and effectiveness of the energy ef-
23	ficiency loans made by the eligible entity.
24	(B) REVISION OF LIST OF ENERGY EFFI-
25	CIENCY MEASURES.—An eligible entity may up-

1	date the list required under subparagraph
2	(A)(i) to account for efficiency technologies
3	added to the master list published under section
4	1(c)(1) pursuant to section $1(c)(2)$, or farm ef-
5	ficiency measures approved by the Secretary of
6	Agriculture.
7	(C) Existing energy efficiency pro-
8	GRAMS.—An eligible entity that, on or before
9	the date of the enactment of this Act, has al-
10	ready established an energy efficiency program
11	for qualified consumers may submit an existing
12	list of energy efficiency measures or farm effi-
13	ciency measures, implementation plans, or
14	measurement and verification systems to satisfy
15	the requirements of subparagraph (A) to the
16	Secretary of Agriculture and may use such list
17	until and unless such list is inconsistent with
18	the measures published pursuant to section
19	1(c)(1) and (2) .
20	(3) Loan terms for loans to eligible en-
21	TITIES.—
22	(A) No interest.—A loan made to an eli-
23	gible entity under paragraph (1) shall bear no
24	interest.

1	(B) Repayment.—With respect to a loan
2	under paragraph (1)—
3	(i) the term shall not exceed 20 years
4	from the date the loan is closed; and
5	(ii) except as provided in subpara-
6	graph (D), the repayment of each advance
7	shall be amortized for a period not to ex-
8	ceed 10 years.
9	(C) Amount of advances.—Any advance
10	of loan funds to an eligible entity in any single
11	year shall not exceed 30 percent of the ap-
12	proved loan amount.
13	(D) Special advance for start-up ac-
14	TIVITIES.—
15	(i) In general.—In order to assist
16	an eligible entity in defraying initial start-
17	up costs, the Secretary of Agriculture shall
18	allow an eligible entity to request a special
19	advance.
20	(ii) Amount of special advance.—
21	No eligible entity may receive a special ad-
22	vance under this subparagraph for an
23	amount that is greater than 4 percent of
24	the loan amount received by the eligible en-
25	tity under paragraph (1).

1	(iii) Repayment.—The repayment of
2	the special advance shall be required with-
3	in 10 years after the special advance is
4	made and, at the election of the eligible en-
5	tity, may be deferred to the end of the 10-
6	year period.
7	(E) Limitation on advances.—All ad-
8	vances shall be made under a loan described in
9	paragraph (1) within the first 10 years of the
10	term of the loan.
11	(d) Loans to Qualified Consumers.—
12	(1) Terms of loans.—Loans made by an eli-
13	gible entity to qualified consumers using loan funds
14	provided by the Secretary of Agriculture under sub-
15	section (c)—
16	(A) may bear interest, not to exceed three
17	percent, to be used by the eligible entity for
18	purposes such as establishing a loan loss re-
19	serve and to offset personnel and program costs
20	of the eligible entity to provide the loans;
21	(B) shall finance only energy efficiency
22	measures or farm efficiency measures for the
23	purpose of decreasing energy usage or costs of
24	a qualified consumer by an amount such that a
25	loan term of not more than 10 years will

1	achieve a simple payback of the amount in-
2	vested;
3	(C) shall not be used to fund purchases of,
4	or modifications to, personal property unless
5	the personal property—
6	(i) is or becomes attached to real
7	property as a fixture; or
8	(ii) is a manufactured home;
9	(D) shall be repaid through charges added
10	to the electric bill for the property for, or at
11	which energy efficiency measures are or will be
12	implemented, except that this requirement shall
13	not be construed to prohibit—
14	(i) the voluntary prepayment of a loan
15	by the owner of the property; or
16	(ii) the use of any additional repay-
17	ment mechanisms that are—
18	(I) demonstrated to have appro-
19	priate risk mitigation features, as de-
20	termined by the eligible entity; or
21	(II) required if the qualified con-
22	sumer is no longer a customer of the
23	eligible entity; and
24	(E) shall require an energy audit to deter-
25	mine the impact of proposed energy efficiency

1	measures on the energy costs and consumption
2	of the qualified consumer.
3	(2) Contractors.—In addition to any other
4	qualified general contractor, eligible entities may
5	serve as general contractors.
6	(3) Use of other energy efficiency in-
7	CENTIVES.—Energy efficiency incentives made avail-
8	able under any other Act, including rebates, grants,
9	or any other payments, may be used to reduce the
10	amount of a loan made under this subsection to
11	qualified consumers in order to meet the require-
12	ment of paragraph (1)(B).
13	(e) Measurement, Verification, Training, and
14	TECHNICAL ASSISTANCE.—
15	(1) Duties of the Secretary.—The Sec-
16	retary of Agriculture—
17	(A) shall establish an implementation and
18	measurement and verification advisory com-
19	mittee consisting of representatives of eligible
20	entities and qualified entities;
21	(B) may enter into cooperative agreements
22	with qualified entities to provide technical as-
23	sistance and training to the employees of eligi-
24	ble entities to carry out this section; and

1	(C) shall establish a process to compile and
2	maintain a directory of energy efficiency audi-
3	tors that are used by eligible entities to carry
4	out this section.
5	(2) Exception.—
6	(A) The Secretary of Agriculture shall not
7	utilize the authority provided under this sub-
8	section or subsection (j) to—
9	(i) develop, adopt, or implement a
10	public labeling system that rates and com-
11	pares the energy performance among quali-
12	fied consumers; or
13	(ii) require the public disclosure of an
14	energy performance evaluation or rating
15	developed for any qualified consumer.
16	(B) Nothing in this paragraph shall pre-
17	clude—
18	(i) the computation, collection, or use,
19	by the Secretary of Agriculture, eligible en-
20	tity, or qualified entity for the purposes of
21	aggregating information on the rating and
22	comparison of the energy performance
23	among qualified consumers with and with-
24	out energy efficiency features or on energy
25	performance evaluation or rating;

1	(ii) the use and publication of aggre-
2	gate data (without identifying individual
3	qualified consumers) based on information
4	referred to in clause (i) to determine or
5	demonstrate the performance of this pro-
6	gram; or
7	(iii) the provision of information re-
8	ferred to in clause (i) with respect to a
9	qualified consumer:
10	(I) to the State, eligible con-
11	sumer, eligible entity, or qualified en-
12	tity, as necessary to enable carrying
13	out this title; or
14	(II) for purposes of prosecuting
15	fraud and abuse.
16	(f) FAST START DEMONSTRATION PROJECTS.—The
17	Secretary of Agriculture shall, not later than 90 days after
18	the enactment of this section, enter into agreements with
19	eligible entities (or groups of eligible entities) that have
20	established an energy efficiency program described in sub-
21	section (c)(2)(C) to establish an energy efficiency loan
22	demonstration projects consistent with the purposes of
23	this section that—
24	(1) implement approaches to energy audits and
25	investments in energy efficiency measures or farm

1	efficiency measures that yield measurable and pre-
2	dictable savings;
3	(2) use measurement and verification processes
4	to determine the effectiveness of energy efficiency
5	loans made by eligible entities;
6	(3) include training for employees of eligible en-
7	tities, including any contractors of such entities, to
8	implement or oversee the activities described in
9	paragraphs (1) and (2);
10	(4) provide for the participation of a majority
11	of eligible entities in a State;
12	(5) reduce the need for generating capacity;
13	(6) provide efficiency loans to—
14	(A) not fewer than 20,000 consumers, in
15	the case of a single eligible entity; or
16	(B) not fewer than 80,000 consumers, in
17	the case of a group of eligible entities; and
18	(7) serve areas where 15 percent or more of
19	consumers reside—
20	(A) in manufactured homes; or
21	(B) in housing units that are more than 50
22	years old.
23	(g) Additional Authority.—The authority pro-
24	vided 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 pro-
4	vided in this section, the loans and other expenditures re-
5	quired to be made under this section are authorized to
6	be made during each of fiscal years 2010 through 2014
7	(i) Regulations.—
8	(1) In general.—Except as otherwise pro-
9	vided in this subsection, not later than 180 days
10	after the date of enactment of this section, the Sec
11	retary of Agriculture shall promulgate such regula
12	tions as are necessary to implement this section.
13	(2) PROCEDURE.—The promulgation of the reg
14	ulations and administration of this section shall be
15	made without regard to—
16	(A) chapter 35 of title 44, United States
17	Code (commonly known as the "Paperwork Re-
18	duction Act"); and
19	(B) the Statement of Policy of the Sec-
20	retary of Agriculture effective July 24, 1971
21	(36 Fed. Reg. 13804), relating to notices of
22	proposed rulemaking and public participation in
23	rulemaking.
24	(3) Congressional review of agency rule
25	MAKING.—In carrying out this section, the Secretary

- of Agriculture shall use the authority provided under 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, the Secretary of Agriculture shall implement such regulations through the promulgation of an interim rule.
- 9 (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
 13 purpose of this section.
- (k) REPORTING REQUIREMENTS.—The Secretary of
 Agriculture shall report to the Congress on the implementation of this Act, including the energy savings and costs
 savings estimated to be achieved, not later than 1 year
 after the date of enactment of this Act, and again not later
 than 2 years after the date of enactment of this Act.
- 20 (l) Assesment by Government Accountability 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	(1) the actual taxpayer funds made available
2	for the program created in this section;
3	(2) the actual amounts of such funds made
4	available to eligible entities for qualified consumers
5	in the program created in this section;
6	(3) the extent of measured and verified energy
7	savings achieved and expected to be achieved on an
8	ongoing basis as a function of the program created
9	in this section;
10	(4) the extent to which funds made available
11	were expended for training, administration, and pro-
12	gram support by eligible entities and qualified enti-
13	ties under the program created in this section; and
14	(5) the consistency and rigor of the standards
15	for energy efficiency and for measurement and
16	verification adopted and implemented by program
17	created in this section.
18	(m) AUTHORIZATION.—There are authorized to be
19	appropriated for purposes of this section \$150,000,000 for
20	each of fiscal years 2010 through 2014, which shall re-
21	main available until expended.

