Fact Sheet

November 2022

Summary of NRECA Comments on Implementing the Inflation Reduction Act's Programs to Support Rural Electric Systems Administered by USDA

NRECA is working with USDA to implement funding programs to support rural electric systems. The Inflation Reduction Act (IRA) creates a $1 billion forgivable loan program to fund the deployment of new renewable energy resources (Section 22001), contains approximately $2 billion for Rural Energy for America Program (REAP) projects (Section 22002), and creates a $9.7 billion financial assistance program at USDA specifically for electric cooperatives to purchase or build new clean energy systems (Section 22204).

Overview

On October 28, 2022, USDA issued a notice requesting input regarding implementation of the IRA's provisions on clean energy and energy efficiency programs. NRECA submitted comments with significant input from co-op members that can be summarized as follows:

Section 22001: Additional Funding for Electric Loans for Renewable Energy

- **Base Loan Forgiveness Criteria on Affordability:** USDA should base loan forgiveness criteria on affordability to assist electric cooperative borrowers in economically distressed areas.

Section 22002: Rural Energy for America Program

- **Use Broad Definition of "Underutilized Renewable Energy Technologies:"** USDA should use a sufficiently broad definition of "Underutilized Renewable Energy Technologies" to encompass any technology that an electric cooperative may wish to deploy under the REAP program.

Section 22004: USDA Assistance for Rural Electric Cooperatives

- **Prioritize Resiliency, Reliability, and Affordability:** USDA should prioritize projects that bolster resiliency, reliability, and affordability for rural Americans.
- **Design Flexible Eligibility Criteria:** USDA should design eligibility criteria to accommodate an array of different projects to meet the unique needs of different cooperatives throughout the country.
- **Use a Reasonable Approach to Measure GHG Emission Reductions:** USDA should ensure a consistent, practical, and reasonable approach to measuring GHG emission reductions.
- **Allow the Use of Multiple Financing Programs and Direct Pay Tax Credits:** USDA should ensure that the per eligible entity cap of 10% of total funding allows for multiple loans, grants, and projects for each electric cooperative applicant. USDA should not restrict an electric cooperative's ability to use these programs in conjunction with direct pay tax credits and other federal incentive programs.
- **Ensure Efficient, Streamlined Processes:** USDA should engage contractors to expedite the application and environmental review processes associated with this program. USDA should use categorical exclusions for projects with minimal environmental effects and seek streamlined interagency coordination for larger projects.

- **Take a Broad View of Energy Efficiency:** USDA should take a broad view of energy efficiency improvements for electric cooperative assets, including efficient generation coupled with upgrades in transmission or interconnection assets or demand response programs.
- **Adopt a Straightforward Reporting Framework:** USDA should adopt a straightforward post-loan and grant reporting framework to avoid creating uncertainty and unnecessary burdens.