

§ 1710.303

§ 1710.303 Power cost studies—power supply borrowers.

(a) All applications for financing of additional generation capacity and the associated bulk transmission facilities shall be supported by a power cost study to demonstrate that the proposed generation and associated transmission facilities are the most economical and effective means of meeting the borrower's power requirements. This study usually is a separate study but it may be integrated with the financial forecast required by §1710.302.

(b) A power cost study shall include the following basic elements:

(1) A study of all reasonably available self-generation, purchased-power, load management, and energy conservation alternatives as set forth in §§1710.253 and 1710.254;

(2) A present-value analysis of the costs of the alternatives and their effects on total power costs, covering a period of at least 10 years beyond the projected in-service date of the facilities;

(3) A description of proposed new power-purchase contracts or revisions to existing contracts, and an analysis of the effects on power costs;

(4) Use of sensitivity analyses to determine the vulnerability of the alternatives to a reasonable range of assumptions about fuel costs, failure to achieve projected load growth, changes in operating and financing costs, and other major factors, if the financial forecast is used in support of a loan or loan guarantee that exceeds the smaller of \$25 million or 10 percent of the borrower's total utility plant. Individual sensitivity analyses need not be duplicated if they have been included in other materials submitted to RUS; and

(5) Assessment of the financial risks of the various alternatives, especially as between capital-intensive and non-capital-intensive alternatives, under the range of assumptions set forth in paragraph (b)(4) of this section.

(c) Power cost studies must use current, RUS-approved power requirements data, and all major assumptions are subject to RUS approval. Alternative assumptions about projected power requirements may be used, how-

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ever, in conjunction with the sensitivity analyses required by paragraph (b)(4) of this section.

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§§ 1710.304-1710.349 [Reserved]

Subpart H—Demand Side Management and Renewable Energy Systems

SOURCE: 59 FR 496, Jan. 4, 1994, unless otherwise noted.

§ 1710.350 Purpose.

This subpart sets forth RUS policies and procedures with regard to loans and loan guarantees to RUS borrowers for the purpose of implementing their demand side management (DSM) plans, energy conservation programs, and on-grid and off-grid renewable energy systems. The Administrator reserves the right to determine if loans for purposes under this subpart will be made to a borrower in default under its mortgage and loan contract. As is the case with all other RUS loans, loans for purposes under this subpart will not be made to individuals.

§ 1710.351 General policy; renewable energy systems.

(a) Off-grid renewable energy systems will be considered the same as DSM activities and will qualify for either insured loans or loan guarantees pursuant to §1710.102.

(b) On-grid renewable energy systems will be treated as a generation resource and will be eligible only for loan guarantees pursuant to §1710.102. Existing RUS policy with respect to generation resources shall generally apply.

(c) RUS loans for renewable energy systems will be made only for systems utilizing technologies that are proven and commercially available.

§ 1710.352 General policy; energy resource conservation programs.

This subpart does not replace the energy resource conservation program financed by deferments of loan principal.