

**§ 1710.353 General policy; demand side management.**

(a) RUS will make loans for the purpose of assisting electric borrowers to implement RUS approved demand side management plans. For the purposes of this regulation energy conservation programs are included as a DSM activity.

(b) RUS will treat demand-side and supply-side resources on an equal basis. All requirements applicable to loans for traditional electric facilities will apply to loans for DSM. In addition the requirements set forth in this subpart will apply.

(c) DSM will be considered a distribution loan purpose, eligible for either insured loans or loan guarantees pursuant to § 1710.102.

(d) RUS will conduct its own evaluation, as specified in this subpart, of a borrower's DSM activities before making a determination on the disposition of a borrower's loan application.

(e) RUS loans for DSM activities will be made only for systems utilizing technologies that are proven and commercially available.

(f) In general, RUS will require pilot project testing of DSM activities new to the borrower.

(g) If the borrower's IRP, DSM plan, project construction and/or financing, and/or rate recovery is subject to the approval of state authorities, the borrower must obtain such approvals before RUS will approve a loan for any purpose for which an RUS approved DSM plan or IRP is required under this subpart.

**§ 1710.354 Eligible DSM activities.**

DSM activities that are projected to result in more efficient use of electric system resources and which are consistent with an RUS approved Integrated Resource Plan (IRP) and DSM plan may be eligible for financing. Examples of such DSM activities, which are not mutually exclusive, are as follows:

(a) General information and education;

(b) Purchase and installation of borrower owned or consumer owned equipment or materials, including:

(1) Heating, ventilation, air conditioning;

(2) Building envelope;

(3) Appliances;

(4) Load control;

(5) Lighting and lighting control;

(6) Thermal storage; and

(7) Efficient motors and drives;

(c) Rebates for DSM equipment and facilities;

(d) Fuel switching for dual fuel applications where one of the energy sources is electricity; and

(e) Pilot DSM projects.

**§ 1710.355 DSM loan applications.**

(a) Any loan application which includes funds for DSM must include all loan support documents required for a loan for electric facilities, and must demonstrate that requirements for need, loan feasibility and loan security are satisfied. In addition, the application must be supported by an RUS approved IRP, except as provided in § 1710.356(a)(1), and an RUS approved DSM plan.

(b) DSM loans will be made to provide financing for DSM activities planned to be implemented within a two year period.

**§ 1710.356 Integrated resource plans.**

(a)(1) An RUS approved IRP is required for all loans that include funds for DSM activities, unless the cumulative total of all previous DSM loans and the loan under consideration for that applicant is less than 1 percent of the applicant's total utility plant.

(2) An RUS approved IRP is required for all loans that include funds for on-grid renewable energy systems.

(3) An RUS approved IRP is required for all loans that include funds for off-grid renewable energy systems unless the Administrator determines that an IRP is not needed to determine that the loan is both feasible and secure pursuant to §§ 1710.112 and 1710.113, respectively.

(b)(1) When an IRP is required, a distribution borrower that is a member of a power supply borrower must use the IRP prepared by the power supply borrower for its overall system. This IRP must have been coordinated with all of the member systems and it must have been approved by the board of directors of the power supply borrower. Because of the relationship between the power