

Nebraska Dollar and Energy Saving Loans (DESL) Program

Program Profile

Incentivizing Energy Efficiency in Nebraska

Launched in 1990, the [Nebraska Dollar and Energy Saving Loans \(DESL\) Program](#) was developed to encourage high-efficiency retrofit projects across the state by reducing the cost of borrowing through low-cost financing. The program provides low-cost financing for a variety of energy efficiency improvements and renewable energy projects to Nebraska residents and businesses. Eligible entities include: one- and two-family dwellings, multifamily properties, nonprofits, public school districts, local governments, and businesses like manufacturers, farm and ranch operations, and agricultural buildings.

This revolving fund, in which loan payments are reinvested in the program to provide additional loans, uses a blended interest rate and match from private lenders. The [Nebraska Department of Environment and Energy](#) (NDEE), which maintains the DESL program, purchases a percentage of eligible loans from the lenders at no interest to allow a lower rate to the borrower while still giving the lender an attractive yield on their share of the loan.

These energy loans can be used for a multitude of home, building, or systems energy improvements, including replacing inefficient lighting; installing highly rated and energy-efficient heating and cooling systems; providing better thermal resistance through added insulation and replacing old windows and doors; installing large- and small-scale solar projects; and constructing new, energy-efficient housing. With these improvements, Nebraska residents can reduce their energy consumption and increase their dollar savings.

NDEE maintains the DESL program in partnership with the state's lending institutions. NDEE provides funds to these institutions, which must be chartered or incorporated in Nebraska, to participate in a portion (50 to 90 percent) of each energy conservation loan, which are serviced in Nebraska and cannot be sold to a servicer outside of the state. The DESL program has no income requirement, and any Nebraska resident or business is eligible to apply for the program.

Fast Facts

Program scope: Low-cost loan program to incentivize energy efficiency improvements and retrofit projects.

Communities served: Nebraska residents and businesses.

Funding: Oil overcharge fund, Nebraska Public Power District, Nebraska Department of Environmental Quality, and State Energy Program (SEP) stimulus funds.

Key partners: Lending institutions, Nebraska chartered banks.

Promising practices: Easy accessibility, flexible program administration, shared ownership of promotion, and community engagement with lending institutions.



However, participating lending institutions determine applicants' eligibility for a loan using their existing underwriting policies. The program does not require the participating lending institutions to take on loans that they would not normally take on. Once the lender has granted preliminary approval to its client, it sends the application to NDEE to review the proposed project. If the project qualifies and meets energy requirements, NDEE informs the lender that the project can proceed, and the lender works with its client to complete the loan process.

More than 200 financial institutions at more than 646 lending locations across the state have participated throughout the life of the DESL program. Once an energy loan has been made by a lender, NDEE invests in the loan by purchasing 50 to 90 percent of the loan from the lender at zero percent interest; the amount purchased by NDEE is based on the interest rate given to the borrower. Lenders realize a market rate yield on their portion of the loan while giving a net rate of no more than five percent to the borrower. Lenders, within the parameters of the program, set the loan term and frequency of installment payments. Lending institutions service the loans and reimburse NDEE for its portion of the repayments on a monthly or quarterly basis.

Community History

Nebraska's small population combined with its energy-intensive industrial sector and its hot summers and harsh winters make it sixth in the nation in per capita total energy consumption.¹ Nebraska is also a heavily agricultural state with large commercial farms. Access to electricity is essential for homes and businesses alike, but the cost of service can pose a burden. A key strategy to limit this burden is to ensure resources are available for implementing efficiency measures, which serve a dual purpose in cutting costs and reducing energy consumption.

The DESL program was launched in 1990 using oil overcharge funding from the [U.S. Department of Energy](#) (DOE) to help Nebraskan residents and businesses invest in energy efficiency to reduce consumption and combat utility burden. Oil overcharge funds, also known as petroleum violation escrow (PVE) funds, came from fines paid by oil companies in violation of the federal oil price caps in place from 1973 to 1981.² These funds were made available to states for a broad range of energy efficiency and renewable energy-related programs. At the time of receiving funds, NDEE staff, who had backgrounds working in the banking industry and prior experience with financing programs, developed the revolving loan program to promote and incentivize energy efficiency across the state.

¹ Energy Information Administration, 2023. [Nebraska State Profile and Energy Estimates](#).

² U.S. Department of Energy. [Alternative Fuels Data Center](#).



Community Engagement

Much of the DESL program's outreach is through word-of-mouth marketing from lenders, contractors, and businesses to their customer base and from program participants to their families, friends, and neighbors. Since the lending institutions have a close relationship with the communities they serve, NDEE relies on its partnership with lending institutions to reach and better understand the needs of communities throughout Nebraska.

In rural areas across the state, participating lenders are often the only lending institution serving the entire community. As part of their outreach efforts, program administrators make additional efforts to engage with smaller lenders to connect these more isolated and underserved communities with financing for energy efficiency and renewable energy projects through the DESL program.

Key Partners

NDEE works most closely with the state's lending institutions to administer the DESL program. The lending institutions are important to the model as they are the entities promoting the program to Nebraska residents, servicing the loans, and initiating applications with their clients. Solar contractors, window manufacturers, and other clean energy contractors throughout the state are additional indirect partners of the DESL program, as they promote the program to their clients through word of mouth.

NDEE develops trust with lending institutions by responding to their questions and providing information in a timely manner, allowing them flexibility in servicing the loans using their existing policies, and using their feedback to inform the administration of the program. Based on input from lenders and contractors about where they were running into roadblocks during the application process, NDEE has streamlined the process by incorporating simplified language, shortened forms, and a fully digital application. Additionally, NDEE ensured that the forms to apply for a loan through the DESL program were familiar to the lenders, which increased trust among lenders and made them more willing to participate in the program initially. The program also created a new loan product for lenders to offer their clients.



Funding Mechanism

The DESL program launched with \$24 million in federal oil overcharge funds; \$11 million in a one-time round of funding from the [American Recovery and Reinvestment Act State Energy Program](#) (SEP) stimulus funds; \$1 million from the state's largest utility, [Nebraska Public Power District](#); and \$250,000 from the State's Department of Environmental Quality, for a total of just over \$36 million.³ This funding enabled the program to provide low-cost financing for energy efficiency improvements to homes, businesses, and other institutions (e.g., local governments, school facilities).

“Nebraska took a unique approach in how it uses its original oil overcharge funds. Because the state chose a revolving loan fund, the money NDEE puts into the loans comes right back to the agency. That way, the program can help even more Nebraskans.”

– Sarah Starostka, NDEE Planning and Aid Division Administrator

Payments made on Dollar and Energy Saving Loans are reinvested into the program to fund additional energy efficiency loans. The revolving nature of the funding for the DESL program has allowed it to remain in operation for a long time, and NDEE does not generally pursue new funding. However, it does hope to leverage funding opportunities included in the [Inflation Reduction Act](#) specifically for revolving loan programs. NDEE anticipates using this additional funding to approve large public-school projects, which it expects will bring more awareness of the loan program and increase demand for funding through the program.⁴

Hayward Place Condominiums, located in Lincoln, was converted from a public school in 1985 and maintained the original windows from 1925, which were single-pane, drafty, and led to a lot of energy waste. The Hayward Place Owners' Association worked with its lender Cornhusker Bank (a DESL program partner) to apply for \$60,000, the maximum for a multifamily project at the time. In February 1999, the Energy Office approved the project, which replaced 71 windows among other improvements.

³ In 2019, the Nebraska Energy Office merged with the Nebraska Department of Environmental Quality to become the [Nebraska Department of Environment and Energy](#).

⁴ Aaron Miller, Nebraska Department of Environment and Energy, Energy Loan & Planning Section Supervisor, 2023. Personal Communication.



Program Impact

The DESL program is now one of the longest-standing and highest-volume energy efficiency loan programs in the country. In fiscal year 2022, the DESL program helped finance over \$8.35 million for 250 loans that improved energy efficiency for 266 new projects. Over that time, on residential projects alone, the DESL program is estimated to have saved 45,978 kWh of electricity and 37,830 therms of natural gas,⁵ while reducing carbon dioxide emissions by almost 5,205 tons—equivalent to the annual energy of use of 600 homes.⁶

Since the inception of the program in 1990, the DESL program has helped finance over 30,000 energy-saving projects, with the cost of all improvements financed totaling over \$385.5 million.⁷ Additionally, by setting the energy efficiency standards higher than those of appliances readily available in the marketplace, the DESL program has transformed the appliance market and moved consumers in Nebraska to a much higher energy efficiency level overall.⁸

Barriers and Challenges

Demand for loans was high at the beginning of the program, and at the time, it was challenging to secure enough funding to meet the demand. The program received a significant number of loan requests, but—because it had only recently been established—the program was not yet receiving payments that could be reinvested into the funding pool. Because of this, the program had to implement a waitlist. The former deputy director of the Nebraska Energy Office (now NDEE), along with the current program administrators, noted that waitlists can significantly diminish the incentive for potential borrowers to engage with the program and can pose problems when loans are not immediately available for time-limited retrofit projects.⁹

In recent years, the program has begun receiving requests for loans that exceed its cap of \$500,000. NDEE reviews these requests judiciously, as they can deplete the funding pool. However, NDEE will approve the loan if it does not threaten the program's ability to fund residential loans (generally \$10,000–\$50,000) or cause the program to implement a waitlist.

⁵ U.S. Department of Energy. [State and Community Energy Programs Project Map – Nebraska](#).

⁶ U.S. EPA. [Greenhouse Gas Equivalencies Calculator](#).

⁷ Office of State and Community Energy Programs, 2023. [State and Community Energy Programs Project Map](#).

⁸ Bonnie Ziemann, State Energy Financing Programs – Nebraska, National Association of State Energy Officials, 2010.

⁹ Bonnie Ziemann, State Energy Financing Programs – Nebraska, National Association of State Energy Officials, 2010.



The program administrators emphasized that flexibility is key to overcoming barriers and challenges. Because the state did not develop specific guidelines for the program at the outset, the program was set up at NDEE’s discretion, giving the department flexibility to run the program and adjust as needed to overcome challenges and barriers. This freedom allows the program to be responsive to fluctuations in the market rate that affect the volume of loans the program can supply and be proactive in responding to changes in demand or crises.¹⁰ For example, when Nebraskan communities experienced destructive flooding in 2019, the DESL program could quickly respond by lowering the interest rate to 1 percent and fixing the portion of the loan purchased by the program for any flood-related loans at 90 percent for communities impacted to help them replace appliances and repair homes and businesses.¹¹

Recommendations from the Field

- **Design the program to be simple, accessible, and flexible:** DESL’s operating model is attractive to lending institutions, on which the program relies, which are already familiar with the forms and are able to offer a new lending opportunity to their clients without needing to adjust their existing underwriting policies.
- **Start small and build relationships:** For entities interested in replicating the program, the DESL program administrators recommend starting with one or two lending institutions in a pilot program and focusing on developing a partnership with the lenders. Lenders are the backbone of a revolving loan program as they are the ones doing promotion and outreach in communities and initiating the loans with their clients. Building relationships, listening to feedback, and making it easily accessible is key to the program’s success. As the program is developed, it can be opened to more lenders to increase reach and impact.

For More Information

- [Nebraska Department of Environment and Energy - Dollar and Energy Saving Loans](#)
- [Nebraska | State Energy Financing Programs | NASEO](#)
- [State and Community Energy Programs Project Map – Nebraska | Department of Energy](#)

¹⁰ Shawna Orth, Nebraska Department of Environment and Energy, 2023. Personal Communication.

¹¹ Nebraska Energy Office, 2019. [2019 Emergency Flood Response](#).