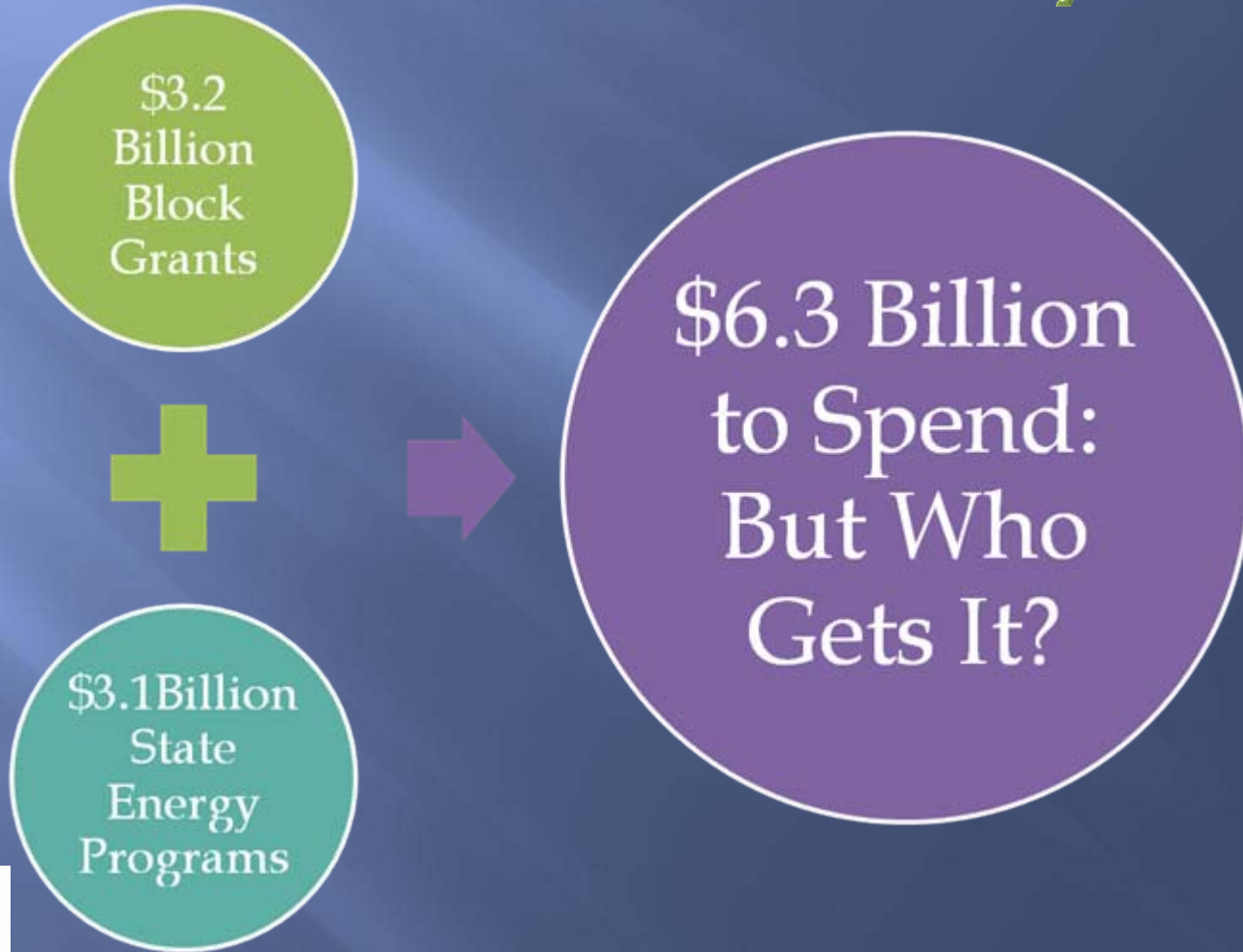


# STIMULATING ENERGY EFFICIENCY

# How Much Stimulus Money Is There For Efficiency?



# \$3.2 Billion Block Grants: Understanding the Process

- ▣ Rules set by Energy Independence & Security Act '07
  - \$2.8 billion available via formula:
    - ▣ To maximize benefits to local and regional communities
    - ▣ Reduce total energy use in transportation; buildings; other appropriate sectors
    - ▣ Money to go to local governments who are to coordinate with surrounding areas;
      - 68% is to go to local governments
      - 28% to States
      - 2% to Indian Tribes
  - Significant number of fund uses found in: Sec. 544 of EISA '07

# \$3.2 Billion Block Grants: Understanding the Process

- ▣ \$400 Million: Awarded through competitive process (also included in Energy Independence & Security Act '07)
  - Who Can Apply?
    - ▣ Local governments not eligible entities for the block grants
    - ▣ A consortia of local governments
    - ▣ Priority given to:
      - Localities in states with populations of less than 2,000,000
      - Localities that plan to carry out significant energy efficiency improvements or reductions in fossil fuel use
      - To maximize benefits to local and regional communities
    - ▣ Some Discretion provided in EISA '07 to DOE Secretary—can/will they be altered to implement the stimulus program?

# How Will the \$3.1 Billion State Energy Program Money be Distributed ?

- ▣ Rules set by Energy Policy & Conservation Act
  - Awarded to states via formula:
    - ▣ 1/3 divided equally
    - ▣ 1/3 divided based on population
    - ▣ 1/3 based on energy consumption
- ▣ But.....
  - Language in stimulus bill also says:
    - ▣ Governor of state must assure DOE that:
    - ▣ She/He has received assurances from state regulatory authority that they will “seek to implement” rate regulatory measures that align utility rates with customer efforts to save energy
  - And, the state must also implement building codes. When the bill was passed the language says “will” implement instead of “seek assurances”
  - But there are 8 years to implement those energy codes.

# How Will the \$3.1 Billion State Energy Program Money be Distributed ?

- Flexibility in this language will have to come from the DOE Guidance – due out in the next week....
- Questions that DOE will hopefully answer in its guidance:
  - If a state has already conducted a hearing on utility rate regulation/efficiency – will that be sufficient?
  - How much flexibility will be provided to states regarding building codes in order to get dollars flowing to states quickly?
  - What kind of process will DOE require the states to follow – a simple notification or something more complicated?
- Either way – both the stimulus package and EISA require the states to provide information to DOE regarding efficiency gains made with the dollars provided, without specifying how the measurement and verification must occur

# Where Is The Block Grant Money Going?

- State Energy Offices receive funds, once the Governor makes the appropriate findings
- How Daunting the Task?
- Washington Post recently reported:
  - Maryland Energy Administration currently receives \$1 million for energy efficiency from the federal government
    - That will rise to \$57 million along with another \$65 million for weatherization (separate funding under the stimulus program)
  - Virginia currently receives \$4 million for weatherization, that will rise to \$96 million under the stimulus
    - This energy office has one full time and one part time staffer
    - Reaching out to local non-profits they have been working with to help with money distribution

# Where Is The Block Grant Money Going?

- National Association of State Energy Officials is setting up a web site of “Best Practices” and is asking members to provide examples .....

# Helping States Define A Vision Before Distributing the dollars...

- ▣ Stimulus Legislation *suggested* that dollars be prioritized to *existing* programs
- ▣ Its also a lot of money – that should be spent wisely
- ▣ But how to do that?

# Helping States Define A Vision Before Distributing the dollars...

- ▣ The National Action Plan for Energy Efficiency, working with EPA & DOE has already prepared a “Best Practices” document
- ▣ Currently developing a Rapid Deployment Energy Efficiency Program Toolkit
  - Will provide detailed implementation guidance for 5 – 10 broadly applicable energy efficiency programs

# Helping States Define A Vision Before Distributing the dollars...

- ▣ During Stimulus Debate: NAPEE co-chairs Jim Rogers and Marsha Smith (Idaho PUC) sent a letter to the Hill outlining some key principals that states should follow to ensure effective use of stimulus dollars:
  - Build on what is working, proven and documented
  - Establish partnerships with parties responsible for existing energy efficiency efforts – that includes utilities who are closest to customers and in many cases have programs in place that include measurement and verification
  - Build on programs that can continue post stimulus
  - Develop and deploy workforce training if necessary to support programs – create partnerships with local utilities and community colleges to help provide the training (as well as local service companies)
  - Measure results: this is a requirement so build on efforts already established
  - Use what's out there: The National Action Plan for Energy Efficiency Vision for 2025 already identifies areas the states should be concentrating on in order to ensure they can achieve all cost effective energy efficiency – use that as a tool

# What Can Utilities Do?

- ▣ Work with your states -- but don't forget dollars also going to localities
- ▣ Make certain that the Governor's offices know about the programs you have – and how stimulus dollars can leverage those programs to help even more customers
- ▣ Commercial buildings make up 40% of US energy use – work with states on programs that can use stimulus dollars to help make significant, sustainable changes: most owners not incented to spend money to make changes themselves
- ▣ Make certain Governor's offices know about the National Action Plan
- ▣ Encourage them not to re-invent the wheel – and to be certain that dollars are spent wisely