

American Recovery and Reinvestment
Act of 2009

Energy Efficiency and Conservation Block Grant Program

May 4, 6 & 7, 2009
California Energy Commission

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Topics

- Federal Focus of the Block Grant Program
- Guidance in State Legislation (AB 2176)
- Schedule for Small Jurisdiction Funding
- Alternative Small Jurisdiction Program Concepts

Block Grant Funding From Department of Energy

- California local governments (large cities and counties) will receive a direct award of more than \$302 million.
Energy Commission is not involved.
- Energy Commission will receive \$49.6 million
 - Small cities and counties will receive about \$30 million through the Energy Commission
 - State retains an additional \$19.6 million for programs or projects



Small Jurisdictions

- Identified by Department of Energy
 - Incorporated Cities with less than 35,000 pop.
 - Counties, net of cities, with less than 200,000 pop.
- Examples:
 - Imperial County
 - LaVerne
 - Walnut
- DOE and Energy Commission Encourage Partnerships



Block Grant Goals: Energy Independence and Security Act

- To reduce fossil fuel emissions created as a result of activities within the jurisdictions of eligible entities in a manner that—
 - is environmentally sustainable;
 - to the maximum extent practicable, maximizes benefits for local and regional communities;
- To reduce the total energy use of the eligible entities
- To improve energy efficiency in—
 - the transportation sector;
 - the building sector; and
 - other appropriate sectors.



Uses of Block Grant Funds, From Energy Security Act

- Development and implementation of an energy efficiency and conservation strategy
- Conduct of residential and commercial building energy audits
- Establishment of financial incentive programs for energy efficiency improvements
- Provision of grants to nonprofit organizations and governmental agencies for energy efficiency retrofits
- Development and implementation of energy efficiency and conservation programs for buildings and facilities
- Development and implementation of programs to conserve transportation energy



Uses of Block Grant Funds; From Energy Security Act

- Development and implementation of building codes and inspection services to promote energy efficiency
- Application and implementation of distributed resource and district heating/cooling technologies
- Activities to increase participation and efficiency rates for material conservation programs
- Technologies to reduce, capture, and use methane and other GHGs from landfills and similar sources
- Replacement of traffic signals and street lighting with energy efficient technologies
- Use of onsite renewable energy technology that generates electricity on government buildings



State Direction on Block Grant Funds: AB 2176

- Affects only funds administered by the Energy Commission not the direct awards by DOE.
 - Small Jurisdiction Funds:
 - shall be used to provide cost-effective energy efficiency and conservation grants
 - shall be prioritized based on cost-effective energy efficiency.
 - State Funds:
 - shall be used to provide cost-effective energy efficiency and conservation grants to eligible entities



State Direction on Block Grant Funds:

AB 2176 (2)

- Limitation on "Overhead Expenses"
 - Not more than 5 percent of the funds received ... shall be expended for administrative expenses, including, but not limited to, the combined administration program costs, indirect costs, overhead, and costs associated with the Statewide Cost Allocation Plan, including those administration program costs, indirect costs, and overhead costs of all other public and private entities associated with the disbursement, the expenditure of funds, or both the disbursement and expenditure.



Schedule for Block Grant Program

- Small Jurisdiction Funds
 - State "Strategy" and Plan are due May 26 to DOE
 - DOE approval within 60 to 120 days
 - Energy Commission has 180 days (6 Months) from approval to encumber funding
 - All projects/programs must be complete and paid by April 30, 2012



Schedule for Block Grant Program

- State Level Funds
 - "Strategy" and Plan are due May 26
 - DOE has up to 120 days to approve
 - State has 18 months, from approval, to encumber funds.
 - All projects/programs must be complete and paid by April 30, 2012



Conceptual Program 1

Population-Based Formula Grants

- A. Each jurisdiction, or partnership of jurisdictions, proposes a program/project that complies with federal and state guidelines.
- B. Each project is funded at about \$7.00 per capita, based on population.



Conceptual Program 2

Competitive Solicitation with Scoring and Ranking

- A. The Energy Commission would solicit proposals from eligible small jurisdictions or partnerships
- B. The Commission would score proposals on criteria in Energy Security Act and the Recovery Act including:
 - i. cost-effectiveness of energy efficiency,
 - ii. job creation,
 - iii. amount of fund leveraging,
 - iv. Likelihood of success in time allowed, etc.
- C. The Commission would award funding, beginning with the highest scored proposals



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Conceptual Program 3

Separate Funding Pool for Smaller Jurisdictions

- A. The Energy Commission would set aside a pool of funds for smaller jurisdictions.
- B. The Energy Commission would make technical assistance available to the smaller jurisdictions to develop proposals where appropriate.
- C. The smaller jurisdiction proposals would be scored and ranked separately from the larger jurisdictions, using the same criteria.
- D. Projects, from each pool, would be funded, beginning with the highest scored proposals



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Conceptual Program 4

Combination Grant and Low Interest Loan

- A. Proposals would be solicited, and scored on criteria, as in earlier concepts.
- B. Jurisdictions' proposals would be considered for a low interest loan from Energy Conservation Assistance Act Loan (currently 3.95%)
- C. Block Grant funds would be applied to reduce the loan size and local utility rebates could provide additional leverage.
- D. If funds permit, grants could be approximately 33 percent of project cost.



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Conceptual Program 5

Low Interest Planning Loans

- A. Local Agencies are becoming responsible for including energy and Greenhouse Gas impacts in their planning, per AB 32 implementation plan and AB 375.
- B. The Commission would provide low interest loans to jurisdictions or partnerships to develop energy elements of their general plans.
- C. Loans would last from 10 to 15 years, making repaid funds available to assist with future plan updates.



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Next Steps

Energy Commission will:

- Submit Application and Strategy by May 26
- Receive ARRA funds July 26 - October 2009
- Develop Program Guidelines to set up program by August 2009.

We want your input:

Comments on conceptual designs or additional approaches by May 18 to:

EECBG @ energy.state.ca.us

For more information:

Sign up for List Server to receive updated information
Energy Commission's website at:

www.energy.ca.gov/recovery

Federal Energy Website:

www.energy.gov/recovery



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State Energy Program Timeline

- Application due to DOE: May 12, 2009
- DOE approval expected: July-Sept 2009
- CEC guideline development: April-July 2009
- Budget authority to expend funds: July 2009
- Anticipated first round of funding awards: Sept 2009
- All SEP funds must be encumbered by Sept 30, 2010 and fully drawn down by April 30, 2012



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Energy Efficiency and Conservation Block Grant

- \$3.2 billion nationally
 - 68% to local governments (directly to cities > 35,000 and counties > 200,000 population)
 - 28% to state energy offices
 - 2% to tribes
 - 2% competitive grants
- California local governments will receive over \$302 million
- Energy Commission will receive \$49.6 million (and a portion goes to small cities and counties)
- Department of Energy guidelines released on March 27
 - State application due May 26, 2009
 - Local Government applications due June 25, 2009



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Energy Efficiency and Conservation Block Grant

- Assist cities and counties in implementing energy efficiency and conservation projects and strategies to:
 - Create or retain energy jobs
 - Reduce emissions from fossil fuels created as a result of activities within the jurisdictions of eligible entities;
 - Reduce total energy use;
 - Develop renewable energy; and
 - Improve energy efficiency in the transportation, building, and other appropriate sectors.



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Energy Efficiency Conservation Block Grant Timeline

- Application due to DOE: May 26, 2009
- DOE approval expected: Aug-Sept 2009
- CEC guideline development: April-July 2009
- Budget authority to expend funds: July 2009
- Anticipated first round of funding awards: Sept 2009

Note that EECBG funds earmarked for small counties and cities must be encumbered 6 months after DOE plan approval (~Feb 2010) and fully drawn down 3 years after plan approval



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Overarching Goals for Program Priorities

- Degree of effectiveness in **stimulating the economy**, reducing energy use, attracting or retaining energy industries, and creating jobs in California.
- Potential to **expend money efficiently**, with administrative accountability and efficiency, including augmenting or leveraging existing state, federal, local and private programs.
- Potential to develop long-term, self-sustaining energy programs and **leverage public and private funding**.



Overarching Goals for Program Priorities cont'd

- Potential to **achieve lasting and measurable energy benefits** consistent with the Integrated Energy Policy Report and Energy Action Plan "loading order".
- Potential to **meet California's energy policy goals** as defined by the Integrated Energy Policy Reports, ARB Scoping Plan, and Energy Action Plan, the Bioenergy Action Plan, energy legislation, and other relevant policy documents.



State Energy Program

- Energy Commission will receive \$226 million
 - Historically State Energy Program appropriations to California were \$1-3 million annually
- Types of activities allowed under State Energy Program
 - Implementing residential, commercial building, industrial and transportation energy efficiency programs
 - Expanding distributed generation, renewable energy and public education programs
 - Conducting any activity to improve energy efficiency, increase use of renewable energy or increase energy efficiency and economic development.



State Energy Program

- Energy Commission Focus
 - Green Workforce Development
 - Nonresidential Building Efficiency and Clean Energy Retrofits
 - Residential Building Efficiency and Clean Energy Retrofits



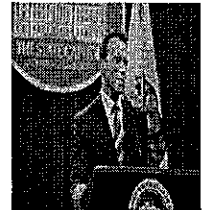
Governor's Executive Order S-02-09 (March 27, 2009)

- Ensure California receives optimal benefit
- Establishes systematic method for collecting information for the uses, status, outcomes and accountability of funds.
- Ensures public accessibility, provide transparency, conduct auditing and accountability of funds
- Establish inter-agency agreements within state government to pursue legislation, or both, to ensure necessary resources.
- Visit: www.recovery.ca.gov



Governor's Executive Order S-02-09 (March 27, 2009)

- Establishes California Recovery Task Force
 - Chief Deputy Director & Chief Operating Officer of the Dept. of Finance
 - Chief Information Office
 - Director of the governor's Constituent Affairs Office
 - Chief Deputy Director of Communications
 - Top ranking members of state agencies and departments



ARRA Formula Energy Appropriations

- \$3.1 billion State Energy Program (SEP)
 - Energy Commission will receive \$226 million
- \$3.2 billion Energy Efficiency and Conservation Block Grant Program
 - California local governments (large cities and counties) will receive a direct award of more than \$302 million
 - Energy Commission is will receive \$49.6 million
 - Sm all cities and counties will receive about \$29 million through the Energy Commission



ARRA Program Implementation Overarching Principles

- Accountability
- Transparency
- Verification
- Risk Mitigation



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Overview of ARRA Timelines for State Energy Program & Energy Efficiency Conservation Block Grant Programs

May 4, 6 & 7, 2009

Pat Pérez, Assistant Executive
Director
Economic Stimulus Program
California Energy Commission



Goals of Workshop

- Overview of the American Recovery and Reinvestment Act (ARRA) and Programs the Energy Commission will administer
- What is in the Energy Efficiency Conservation Block Grant and State Energy Program Application
- Timeline and Process for Developing Programs
- How You Can Participate in Development of Programs
- Feedback on Today's Workshop



What Will Not Be Covered in Workshop

- Program Ideas You May Have for Spending Funds
- The Rules That Will Govern the Distribution of Funds
- Details of Other Federal Energy Funding Programs That Will Not be Administered by the Energy Commission



Topics

- Governor's Executive Order S-02-09
- American Recovery and Reinvestment Act (ARRA) Programs to be Administered by Energy Commission
- Guiding Principles for Use of ARRA funds
- Overarching Goals For Program Priorities
- ARRA Timelines for Development of Programs, Guidelines and Release of Funds
- More Information

