



**Department of Energy**  
Washington, DC 20585

**WEATHERIZATION PROGRAM NOTICE 10-17**  
**EFFECTIVE DATE: July 26, 2010**

**SUBJECT:** GUIDANCE ON USING NON-FEDERAL RESOURCES AS A BUY-DOWN FOR MEETING THE SAVING-TO-INVESTMENT RATIO FOR MATERIALS USED IN THE WEATHERIZATION ASSISTANCE PROGRAM

**PURPOSE:** To issue guidance for State and local agencies to assist them in determining how to compute savings to investment ratios in accordance with 10 CFR 440.21 when determining weatherization measures to be installed on eligible dwelling units where federal and non-federal resources are available for the Weatherization Assistance Program (WAP).

**LEGAL AUTHORITY:** Title IV, Energy Conservation and Production Act, as amended, authorizes the Department of Energy (DOE) to administer the Weatherization Assistance Program. All grant awards made under this Program shall comply with applicable law including regulations contained in 10 CFR Part 440, and all other applicable authorities.

**BACKGROUND:** For the past two decades, DOE has strongly encouraged both Grantees and subgrantees to be innovative in attracting non-federal resources into the WAP. The ultimate goal of the leveraging initiative is to increase the number of low-income households that can be served and/or permit additional cost-effective measures to be installed. As a result, Grantees and subgrantees have been extremely successful in their ability to secure these resources.

In many states, subgrantees use a combination of WAP funds, Low-Income Home Energy Assistance Program (LIHEAP) funds, utility investments from systems benefit charges or efficiency programs, state funds from special set-asides, Community Development Block Grant (CDBG) or other rehabilitation funds, private funds from landlord contributions or foundations, and other public and private sources. The ability to leverage these funds creates two outcomes: 1) additional homes weatherized each year; or 2) allows more services to be installed in each unit. These resources are used to supplement DOE funding on single family homes, row homes, manufactured homes, and multi-family buildings.

These additional leveraged resources are especially important in large multi-family buildings where large investments are being considered on a single property. The primary source of leveraged funds comes from the building owners through the state's

Landlord Participation Program (LPP). Where these LPPs exist, the state policy generally requires that the building owner provide financial assistance to complete the Weatherization activities on their properties. Often, the landlord investment is required for a property to even be considered to receive WAP services.

Many of the services WAP traditionally installs on eligible units – like furnace replacements or fenestration for health and safety – may not pass cost effectiveness tests on some units. This guidance addresses how grantees and subgrantees can use leveraged resources when determining whether certain measures to be installed in a dwelling unit are cost-effective and meet the program requirements that the SIR is at least 1.0 or greater as indicated in section 440.21 for the federal investment.

**GUIDANCE:** This guidance is specifically designed to address the DOE investment in eligible dwelling units weatherized by the Program. All associated health and safety costs incurred on a dwelling unit are generally treated outside the SIR when determining cost-effectiveness. On the other hand, all energy-related repair costs associated with weatherizing the dwelling units are a part of the SIR when determining cost-effectiveness.

When performing the energy audit on an eligible dwelling unit, the total costs associated with the installation of eligible measures – as listed in Appendix A - can be discounted by the amount of non-Federal resources leveraged for that particular measure in determining the SIR. The types of non-Federal resources that could be used would include, but are not limited to: landlord contributions, utility funds, donations from private sources, and/or state resources that supplement other similar funds. It is DOE's intent to allow subgrantees some flexibility in calculating the SIR for a specific measure when other funds can be used to offset some of the costs, thereby reducing the federal investment and raising the SIR to 1.0 or greater on the remaining investment.

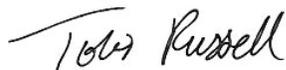
The cost-effectiveness of the WAP will still be calculated on the total DOE investments used to weatherize the property. It is not DOE's intent to create projects that are not cost effective in design and installation. DOE expects that all subgrantees will use this SIR calculation allowance only when the cost effectiveness for the entire investment in the property can still be substantiated. Further, it is not DOE's intent to "leapfrog" measures that are already cost-effective in order to accommodate a measure that is included in the package of measures as a result of utilizing the provisions of this guidance. All measures that were cost-effective after the initial energy audit is conducted would remain a part of the list of measures to be completed on the unit.

**Note:** For the purpose of meeting the SIR requirement by using other resources to reduce the investment in a material or measure, no federal resources or funds may be used to offset the total installation cost. This includes State designated funds which are actually federal-based funds such as LIHEAP, CDBG, etc, may not be used for this purpose. No exceptions will be granted to this provision.

Subgrantees utilizing this guidance will need to conduct an initial energy audit of the building to determine the cost-effectiveness of the federal investment, including measures that are not cost-effective without leveraged resources. Those agencies that have non-Federal resources for use in the building will need to run the energy audit a second time with the necessary resources for any specified measure(s) to ensure the total package of measures remain at least with an SIR of 1.0 or greater. A second energy audit run can be eliminated by indicating what measures will need to utilize this flexibility and the amount of funds necessary to accomplish the buy-down.

Subgrantees will also be required to complete a summary of all costs associated with the weatherization of the building, including any or all non-Federal resources to be used. This summary will become part of the building's customer file along with the inputs and results of both energy audits.

**CONCLUSION:** If there are additional questions or concerns on the application of this program notice, Grantees should contact their PMC Project Officer. DOE appreciates your cooperation and patience as we work together to achieve the Administration's goal of creating jobs and increasing the number of people who benefit from Recovery Act funded weatherization projects.



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