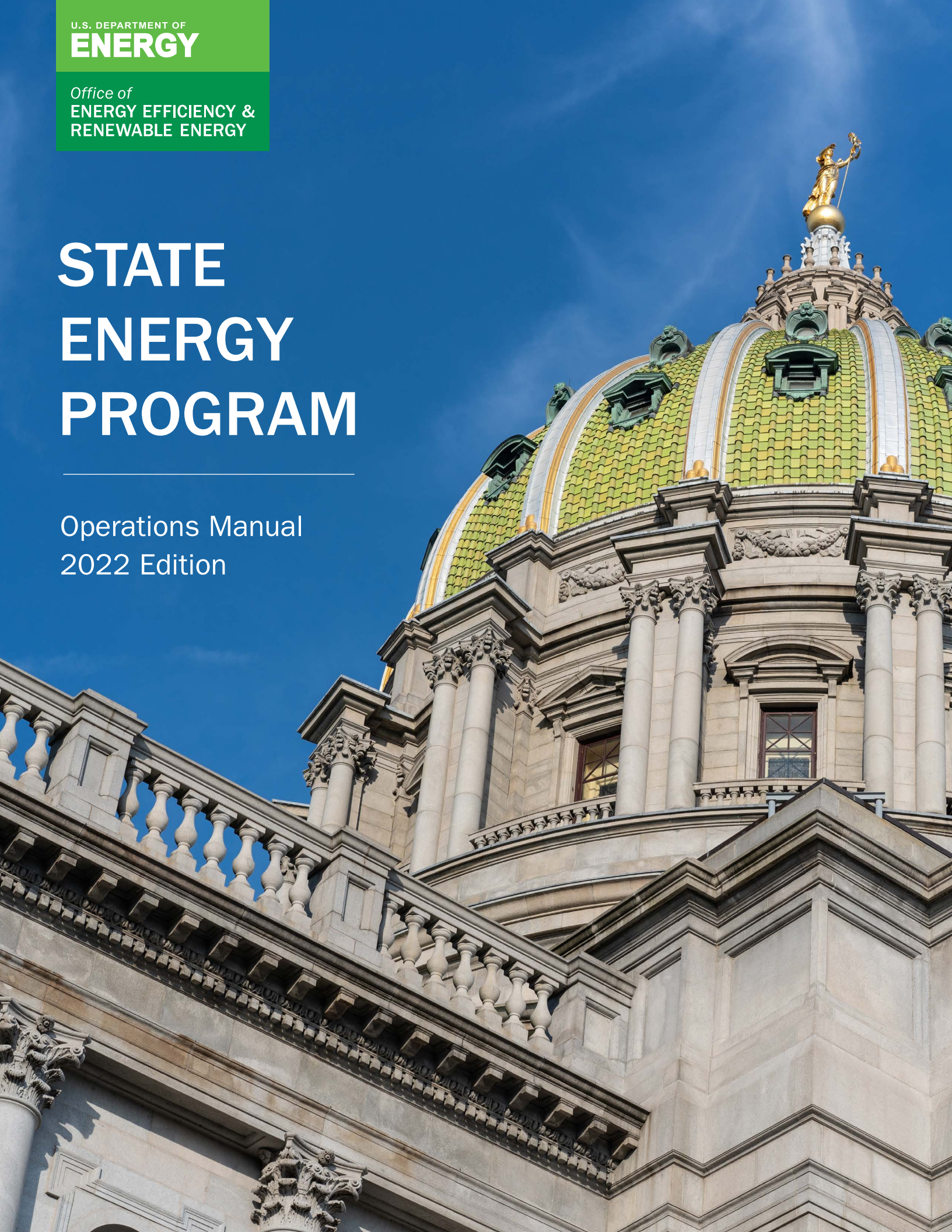


U.S. DEPARTMENT OF
ENERGY

Office of
**ENERGY EFFICIENCY &
RENEWABLE ENERGY**

STATE ENERGY PROGRAM

Operations Manual
2022 Edition



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Introduction

The U.S. Department of Energy’s (DOE) [Weatherization and Intergovernmental Program Office \(WIP\)](#) enables strategic investments in energy efficiency, renewable energy technologies, and innovative practices across the United States by a wide range of government, community, and business stakeholders, in partnership with state and local organizations. WIP supports DOE’s strategic objective to lower energy costs while expanding energy choices for all American communities. WIP is made up of the State Energy Program, the Weatherization Assistance Program (WAP), and the Partnerships and Technical Assistance (P&TA) team. The latter team develops and delivers targeted technical assistance and strategic initiatives to state and local governments.

For more than 30 years, DOE’s [State Energy Program \(SEP\)](#) has provided funding and technical assistance to states, territories, and the District of Columbia to enhance energy security, advance state-led energy initiatives, and increase energy affordability. SEP emphasizes the state’s role as the decision maker and administrator for program activities within the state that are tailored to their unique resources, delivery capacity, and energy goals.

For more information, see the State Energy Program Fact Sheet in [Appendix A](#).

Using the Manual

Intended Use

The SEP Operations Manual is a reference tool for the SEP network of states and program officials within DOE. “States,” when referred to in the Manual, includes the 50 states, the District of Columbia, and the U.S. territories: American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands. This Manual contains information needed to administer the State Energy Program.

For more information or questions about the contents of the SEP Operations Manual, please contact Greg Davoren at Gregory.Davoren@ee.doe.gov.

Terms

Annual Formula Grant Application	Component of the State Plan that is filed annually and lays out the state’s scope of work and budget for the program year.
Federal Fiscal Year (FY)	The federal fiscal year begins October 1 and ends September 30.
Master File	Component of the State Plan filed with first-year applications and updated annually as needed. The Master File defines the state’s overall energy efficiency and renewable energy goals and the activities undertaken to achieve those goals.
Program Year (PY)	Each state selects a 12-month program period or program year that usually corresponds with the state’s fiscal year. Although the state’s program year may start during the federal fiscal year, it can extend beyond the federal fiscal year.
State Energy Office	The state office designated by the Governor to receive SEP grant funds.
State Plan	The State Plan comprises all components of a state’s State Energy Program for DOE, including the states’ annual Formula Grant Application, budget information, and its Master and Annual Files.
Sub-Recipients	Entities that receive SEP funds from a state (i.e., contractors, vendors).

Acronyms

ARRA	American Recovery and Reinvestment Act of 2009
ALRD	Administrative and Legal Requirements Document
ASAP	Automated Standard Application for Payment
ASHRAE	American Society of Heating, Refrigeration, and Air-Conditioning Engineers
CFR	Code of Federal Regulations
DOE	U.S. Department of Energy
EERE	DOE's Office of Energy Efficiency and Renewable Energy
EES	Energy Extension Service
EIA	Energy Information Administration
EPAct	The Energy Policy Act of 2005
FOA	Funding Opportunity Announcement
FFR	Federal Financial Report (also called a FSR – Financial Status Report)
FY	Fiscal Year
GFO	Golden Field Office
ICP	Institutional Conservation Program
IESNA	Illuminating Engineering Society of North America
IJA	Infrastructure Investment and Jobs Act
NASEO	National Association of State Energy Officials
NCSL	National Conference of State Legislatures
NEPA	National Environmental Policy Act
NGA	National Governors Association
OMB	Office of Management and Budget
PAGE	Performance and Accountability for Grants in Energy
PO	DOE Project Officer
PVE	Petroleum Violation Escrow (Funds)
PY	Program Year
QPR	Quarterly Project Report (also called a PSR or Project Status Report)
REEOs	Regional Energy Efficiency Organizations
SEO	State Energy Office
SEP	State Energy Program
SF	Standard Form
WAP	Weatherization Assistance Program for Low-Income Persons
WIP	Weatherization and Intergovernmental Programs Office

Introduction

The **State Energy Program** (SEP), part of the U.S. Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE), provides funding and technical assistance to states, territories, and the District of Columbia to enhance energy security, advance state-led energy initiatives, and increase energy affordability. It contributes to EERE's vision for a strong and prosperous America powered by clean, affordable, and secure energy. SEP is part of the Weatherization and Intergovernmental Programs Office, whose mission is to enable strategic investments in energy efficiency and renewable energy technologies through the use of innovative practices and partnerships. SEP emphasizes the state's role as the decision maker and administrator for program activities within the state that are tailored to their unique resources, delivery capacity, and energy goals.

Program Description

SEP provides federal financial assistance and technical support to the states. Financial assistance comes in the form of annual Formula grants and Competitive awards.

SEP is a versatile, dynamic program. It fulfills a national mission while meeting regional, state, and local needs. Federal laws and regulations establish the program's purpose, set criteria for participation, and define how funds may or may not be used. Each state can propose how it would use its share of funds to address these criteria along with its own specific conditions. For more information, see Figure 1-2 SEP Funding and Results Diagram on page 9.

States are responsible for planning and implementing program activities. DOE program officials review each State Plan to verify that the state meets program requirements. A State Plan comprises the Annual Grant Application and Master File.

DOE officials at Headquarters and the Golden Field Office (GFO) in Colorado enact policy guidance, provide technical assistance, and monitor state grant program progress and compliance.

States must comply with DOE and other federal regulations and procedures governing financial awards. The key documents that govern state grant administration include:

1. For awards made on or before December 26, 2014, see:
 - a. **10 CFR Part 600** in the Code of Federal Regulations (CFR)
 - b. DOE Financial Assistance Rules in Chapter 10 of the CFR (**10 CFR Part 600**, Subparts A, B, C, E, and F)
 - c. Office of Management and Budget (OMB) Circulars, **2 CFR Part 220** (formerly A-21), **2 CFR 200 Part 225** (formerly A-87), **2 CFR 230** (formerly A-122), A-110, and A-133.
2. For awards made after December 26, 2014, see:
 - a. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, **2 CFR Part 200** as amended by **2 CFR Part 910**.

Program Origins and History

SEP originated as the State Energy Conservation Program (SECP), established during the energy crisis of the early 1970s. The energy crisis resulted in an increase in national awareness of America's dependence on foreign oil. Congress responded to this mounting public concern with new legislation. New laws established a broad range of conservation programs and promoted new, more efficient sources of energy. DOE was created to lead and administer these new programs.

Several pieces of legislation catalyzed the growth of SECP. The Energy Policy and Conservation Act of 1975 ([Public Law 94-163](#)), a cornerstone of federal energy conservation legislation, established programs to foster conservation in federal buildings and major industries throughout the states.

In 1983, the Warner Amendment ([Public Law 95-105](#)) increased funding for SECP via [Petroleum Violation Escrow](#) (PVE) funds, refunds collected from oil companies by the federal government for violations of oil price and allocation controls in the 1970s. The increased SECP funding stimulated energy efficiency policy at the state level. As a result, state and federal program officials began to collaborate on designing and implementing energy conservation programs.

See PVE Funds At-A-Glance and Funding Overview in [Appendix B](#).

As a consequence of the Exxon and Stripper Well settlements in 1984 and 1986, over \$4 billion in additional overcharge refunds—including interest earned while they were in escrow—began flowing into energy conservation programs nationwide. State governments allocated a significant portion of this money to SECP. Additional distributions again allowed states to create new energy programs and activities.

As a result of the funding infusions in the 1980s, SECP's portfolio of energy-saving strategies and program measures grew and evolved in complexity. A host of information, education, and technology demonstration activities were added to the mandatory activities as defined in the regulations (e.g., right on red legislation) to meet the needs of various consumer groups.

The Energy Policy Act (EPA) of 1992 ([Public Law 102-486](#), Subtitle E—State and Local Assistance) amended the SECP by giving the Secretary of Energy greater authority to fund state energy projects. The legislation permitted the Secretary to finance state-level revolving funds for energy efficiency improvements in state and local government buildings and energy efficiency training for building designers and contractors. Funding, however, was not appropriated for these activities. Section 143 of EPA repealed the former Energy Extension Service Program. The program's outreach activities, however, were in many cases continued under the SEP.

State-based energy conservation and efficiency programs were propelled forward by passage of an important energy bill, the State Energy Efficiency Programs Improvement Act ([Public Law 101-440](#)) and the reorganization of DOE's Office of Energy Efficiency and Renewable Energy (EERE) in the early 1990s.

The State Energy Efficiency Programs Improvement Act encouraged states to promote energy efficiency and alternative energy and venture into energy technology commercialization services programs. The Act required extensive public and private collaboration to achieve greater energy saving, and it gave DOE substantial responsibility for achieving this goal.

In 1996, DOE's State Energy Program was established by consolidating the SECP and the Institutional Conservation Program (ICP). The SECP provided state funding for a variety of energy efficiency and renewable energy activities. The ICP provided schools and hospitals with a technical analysis of their buildings and installed conservation retrofits based on those analyses. Benefits of the program's merger include greater flexibility in funding mechanisms, increased local decision-making, and streamlined administrative procedures. The Regional Support Offices that existed and managed the SEP from the late 1970s until mid-1990s had multiple responsibilities: providing guidance on, reviewing, and approving annual Grant Applications, Master Files, and amendments, awarding grants, and monitoring SEP performance.

In 2009, President Obama signed into law the American Reinvestment and Recovery Act (ARRA). Approximately \$3.1 billion in ARRA funds was appropriated to SEP and further allocated to the states. Additional information about ARRA and SEP's accomplishments during this period can be found at the end of this chapter.

In 2021, President Biden signed into law the Infrastructure Investment and Jobs Act (IIJA). This law appropriates \$500 million to SEP for FY 2022 through FY 2026, which shall be distributed to the states in accordance with the applicable distribution formula in effect on January 1, 2021. See the end of this chapter for more information on this funding and other relevant changes contained in this law.

Today, SEP is managed by the Weatherization and Intergovernmental Programs Office (WIP) within EERE.

Program Funding

SEP is funded through several sources, including congressional appropriations, state matching funds, PVE funds, and income generated by other SEP projects. Congress appropriates funds annually to support program initiatives, which includes funding for Formula grants (see Figure 1-1), Competitive awards, and technical assistance.

Figure 1-1. SEP Funding History

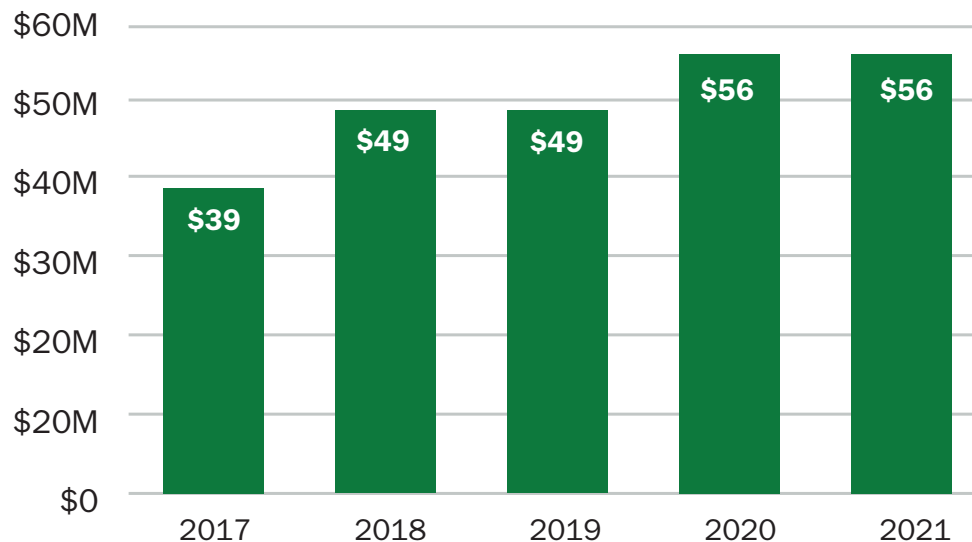


Chart does not include allocations from the American Recovery and Reinvestment Act

Formula Funding

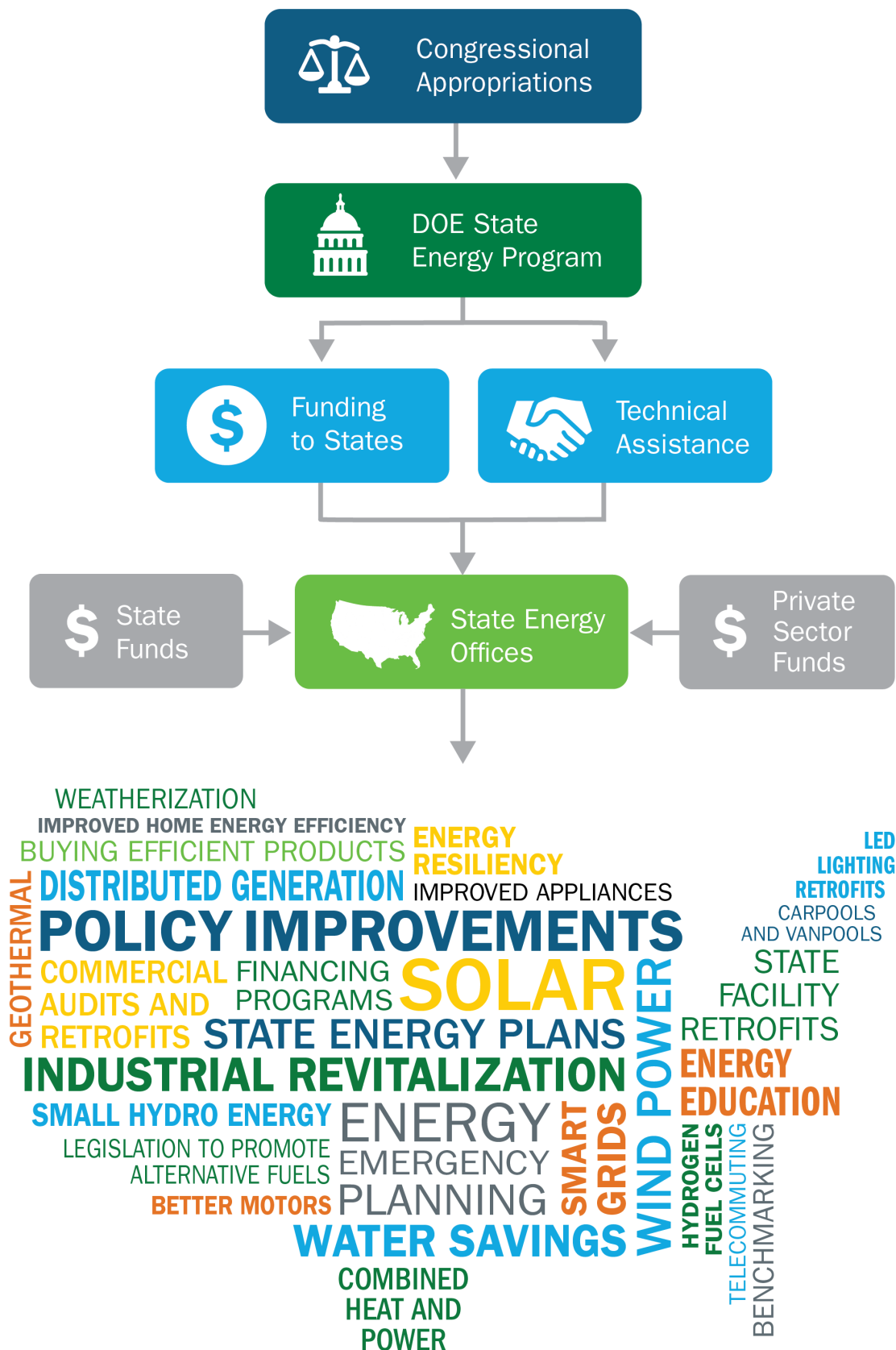
The total annual Formula funds available to the program are allocated to states according to the following formula as written in the program's regulations:

1. If the available funds equal \$25.5 million, such funds shall be allocated to the states according to Table 1 found in [10 CFR Part 420.11](#).
2. If the available funds for any fiscal year are less than \$25.5 million, then the base allocation for each state shall be reduced proportionally.

If the available funds exceed \$25.5 million, \$25.5 million shall be allocated as specified in [10 CFR Part 420.11](#), and any in excess of \$25.5 million shall be allocated as follows:

- One-third of the available funds is divided among the states equally.
- One-third of the available funds is divided on the basis of the population of the participating states as contained in the most recent reliable census data available from the Bureau of Census, Department of Commerce, for all participating states at the time DOE needs to compute state formula shares.
- One-third of the available funds is divided on the basis of the energy consumption of the participant or participating states as contained in the most recent State Energy Data Report available.

Figure 1-2. SEP Funding and Results Diagram



State Match

SEP Formula grant regulations require that states contribute a match for SEP activities (cash, in-kind, or both) in an amount totaling not less than 20% of the appropriated funds awarded to the state. Matching requirements for federal grants include:

1. Allowable costs incurred by the grantee, sub-recipient, or cost-type contractor under the assistance agreement. This includes costs borne by nonfederal grants.
2. Third-party in-kind contributions.
3. Verifiable from the recipient's records.
4. Not included as contributions for any other federally assisted project or program.
5. Necessary and reasonable for proper and efficient accomplishment of project or program objectives.
6. Allowable under the applicable cost principles.
7. No funds from the federal grant or paid by the federal government under another award, except where authorized by federal regulations, to be used for matching.
8. Provided for in the approved budget.

For states' matching contributions, see [10 CFR Part 420.12](#). For a definition of matching, see [10 CFR Part 600.224](#) or [10 CFR Part 200.306](#).

Note that U.S. territories are exempt from state matching requirements under [48 USC 1469 a](#).

Income earned from SEP activities may be used for matching if the award agreement expressly permits this use. Federal regulations [10 CFR Part 600.224](#) or [2 CFR Part 200.306](#) detail the requirements concerning valuation of in-kind services and record keeping on costs and contributions toward matching requirements.

See [10 CFR Part 600.123](#), [10 CFR Part 420.12](#), and [10 CFR Part 420.18](#) for more information on cost-matching.

Petroleum Violation Escrow (PVE) Funds

PVE, or oil-overcharge funds, described under [Program Origins](#) and in [Appendix B](#), support a variety of energy- related programs in the states. Each state determines how it wishes to allocate the funds across eligible programs. States may use these funds and the interest earned for SEP-eligible activities, and other eligible uses, as described in [Appendix B](#). States may use some PVE funds outside of their SEP grants, while some PVE funds must be used within their grants.

PVE Funds Used Within a State's Annual Formula SEP Grant

When used within the scope and budget of a state's SEP grant, PVE funds are subject to SEP grant and program requirements (see [Program Description](#) above)). A state or other nonfederal match is not required for PVE funds used within an SEP grant. PVE funds are not subject to the 20% limitation on equipment purchases under the program.

PVE Funds Used Outside the State's Annual Formula SEP Grant

When a state opts to use PVE funds outside of its SEP grant, the state should carefully review [Appendix B](#) and send a brief proposal to the email address designated for SEP PVE use (SEP-PVE@ee.doe.gov) 30 days in advance of intended use. The proposal must include a description of the proposed activity and how it meets the requirements for that type of PVE funding, along with a budget, the target audience, and time period for the program. The proposal must clearly show the energy focus on the proposed activity. Whether a state's PVE funds are being expended or not, required annual PVE reports should also be sent to the designated SEP PVE email address within 30 days of the end of the state's fiscal year.

Note: Several states have utilized all PVE funds. As such, this section may not be applicable.

See [PVE Funds At-A-Glance](#) and [Funding Overview](#) in [Appendix B](#).

See [10 CFR Part 600.225\[b\]](#) or [2 CFR Part 200.80](#).



Program Income

DOE encourages states to earn income in connection with SEP activities to defray program costs. States must include an estimated amount of earned income in the budget portion of the Grant Application and in the Master File. Program income is defined in federal regulations as gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes but is not limited to:

- Income from fees for services performed
- The use or rental of real or personal property acquired under federally funded projects
- The sale of commodities or items fabricated under an award
- License fees and royalties on patents and copyrights
- Payments of principal and interest on loans made with grant funds.

See Definitions in 10 CFR 600.101 or Acronyms and Definitions in 2 CFR 200 Subpart A.

Except as otherwise provided in 2 CFR 200, program regulations, or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them. Interest earned through loan fund programs generated by grant-supported activities is treated as program income.

Program regulations govern all funds assigned to SEP activity use. Appropriated funds, PVE funds, program income, and any state match or nonmatch must all be listed in the budget portion of the Grant Application. All funds must then be spent on the activities described in the Grant Application and addressed in the financial and performance reports required under the grant. The terms and conditions of the program's federal grant will specify whether program income may be used for cost-sharing.

Grant Extension Policy

Extensions to existing awards will not be authorized except in cases of extraordinary circumstances. It is DOE's expectation that states will spend out their entire DOE award by the end of the third year and that states will plan accordingly. However, DOE will consider extension requests for extraordinary circumstances. Extraordinary circumstances include the loss of personnel for an extended period of time; a change in leadership that necessitates, or a decision by leadership resulting in, a significant change in program plans that significantly delays, or significantly alters, spending; a significant (over three months) freeze on spending; significant delays in procurement; or a natural disaster; or other extraordinary circumstances, including COVID-19 impacts, preventing a state from spending out its funds during its grant period. DOE reserves the right to alter the allowable circumstances for an extension for a given program year at its discretion.

Financing Programs

States are authorized to use funds for a variety of financing programs. Any returned principal and interest collected may be used to make additional loans or to fund the operations of such financing programs.

When DOE approves funds for an annual Formula Grant-funded revolving loan fund, for example, the state assumes responsibility for the stewardship, ultimate recapture of the principal, and any interest at the end of the approved life of the program.

States were authorized to establish a variety of financing programs with their ARRA funds. These programs included Revolving Loan Funds, Interest Rate Buydowns, Loan Loss Reserves, and Third-Party Loan Insurance programs. Guidance and rules for these financing programs is provided in [SEP Program Notice 10-008F Guidance for State Energy Program Grantees on Financing](#) and in the terms and conditions of the state's annual Formula grant.

Leveraging

"Leveraging" under SEP means the state may obtain additional program-targeted, nonfederal cash or in-kind contributions that are a result of SEP-funded activities. Leveraged contributions may not include cash or in-kind contributions that have already been used to match a state's federal SEP grant (or any other federal grant), or that have been included in leveraged funds for other programs, nor may they include PVE funds, which are tracked separately. "Leveraging" under SEP should be limited to contributions that result from, and can be clearly attributed to, a state's SEP activities and contributions that are used to augment those activities.

Competitive Awards

In addition to annual Formula funding, SEP periodically sets aside a portion of its yearly congressional appropriation for competitively awarded funding opportunities (called Funding Opportunity Announcements or FOAs) that help states meet their energy goals and explore opportunities for regional collaboration and partnerships. States may apply for funding under any topic area in the FOA with the flexibility to choose specific topics or approaches that will help them achieve their energy goals.

From 1995 to 2005, DOE instituted the SEP Special Projects Program, which ranged from \$8 to \$18 million per year, and involved funding from EERE technology offices to provide competitive matching funds to the State Energy Offices. The SEP Competitive awards were a follow-on program that does not include matching funds from the EERE technology offices. From 2013 to 2017, SEP provided approximately \$5 million in competitive funding per year for 78 awards totaling almost \$25 million.

Competitive awards may have cost-matching requirements. These requirements are included in the project descriptions and criteria found in the SEP Competitive FOA. Funds used to meet cost-matching requirements must comply with [10 CFR Part 600.224](#) or [2 CFR Part 200.306](#) as explained under State Matching or Cost Sharing.

SEP has substantial involvement in work performed under SEP Competitive awards, not limited to the administrative requirements of the Agreement. SEP is involved in the direction and redirection of the technical aspects of the project, which includes and is not limited to, the following:

- SEP shares responsibility with the recipient for the management, control, direction, and performance of the project.
- SEP may intervene in the conduct or performance of work under this Agreement, which may include interruption or modification of the conduct or performance of project activities.
- SEP may provide technical assistance to help states and their partners achieve the goals of their project.
- SEP participates in major project decision-making processes.

Working with States to Replicate Innovation

Providing financial assistance to states in focused areas through the competitive process allows DOE to learn from and replicate innovative approaches to incentivizing energy efficiency and renewable energy technology programs at the state level.

DOE provides states with technical assistance and guidance in a collaborative effort to assist with implementation of efficient and effective programs. States share information with DOE and each other in a peer-to-peer facilitated dialogue about the challenges they encounter, how they overcome those challenges, and barriers to implementing effective programs.

This collaborative process allows both federal and state-level decision makers to learn and constantly improve the efficacy and impact of financial investment in energy efficiency and renewable energy programs.

See [10 CFR Part 420.30–10 CFR Part 420.37](#), Implementation of Special Projects Financial Assistance regulations.

For more information, visit the [SEP Competitive awards webpage](#).



Prohibited Uses of SEP Funding

The SEP is subject to regulations regarding the types of projects that can be implemented. Some projects are prohibited, depending on the source of funds. Other regulations limit the amount of money that can be spent to administer the programs.

States are prohibited from using SEP financial assistance to:

- Build mass-transit systems or exclusive bus lanes, or for the construction or repair of buildings or structures.
- Purchase land, buildings, or structures, or any interest therein.
- Subsidize fares for public transportation.
- Subsidize utility rate demonstrations or state tax credits for energy conservation or renewable energy measures.

- Conduct research, development, or demonstration of energy efficiency or renewable energy techniques and technologies not commercially available, or purchase equipment for the conduction thereof. However, demonstrations of commercially available energy efficiency or renewable energy techniques and technologies are permitted.

See 10 CFR Part 420.18, Expenditure prohibitions and limitations.

States may use SEP funds for the purchase and installation of equipment and materials for energy efficiency and renewable energy measures, including reasonable design costs, with the following conditions:

1. Such use must be included in the State Plan.
2. If PVE funds are used, states must adhere to administrative terms and conditions imposed upon state use of such funds.
3. A state may use no more than 50% of all funds allocated by SEP to the state in a given year, regardless of source. This limitation does not include regular or revolving loan programs funded with PVE funds and is subject to waiver by DOE for good cause.
4. Buildings owned or leased by the United States are not eligible for energy efficiency or renewable energy measures under SEP.
5. Funds must be used to supplement not supplant weatherization activities under DOE's [Weatherization Assistance Program](#) for low-income persons, under [10 CFR Part 440](#).
6. States may use a variety of financial incentives to fund purchases and installation of materials and equipment including, but not limited to, regular loans, revolving loans, loan buydowns, performance contracting, rebates, and grants.
7. States are not allowed to use rebates for more than 50% of the total cost of purchasing and installing materials and equipment or loan guarantees.
8. No more than 20% of the annual federal allocation can be spent for office supplies, library materials, and equipment. The limit does not apply to supplies, library materials, and equipment that are integral to a program activity, such as brochures distributed as part of an education program or equipment used in preparing a demonstration. The 20% limitation does not apply to PVE funds used under SEP.

See 10 CFR Part 420.18 (2)

A Note on the Infrastructure Investment and Jobs Act

On November 15, 2021, President Biden signed into law the [Infrastructure Investment and Jobs Act](#) (IIJA), also known as the Bipartisan Infrastructure Legislation, marking a historic investment in our transportation and energy infrastructure. As noted earlier, this legislation appropriates \$500 million to SEP for FY 2022 through FY 2026 with unique provisions that differ from traditional SEP formula funding and makes key changes to statutory language governing SEP operations. Below is a summary of the additional infrastructure funding and statutory changes:

1. **Infrastructure funding:** Section 40109(c) of the legislation authorizes and appropriates \$500 million to SEP for FY 2022 through FY 2026. These funds shall be distributed to the states in accordance with the applicable distribution formula in effect on January 1, 2021 and shall not be subject to the matching requirements in [42 USC 6323\(a\)](#) (i.e., a 20% matching requirement).
2. **Statutory changes:** The legislation amends portions of [42 USC 6322](#) with new requirements for state energy conservation plans.
 - Inserts a new **mandatory** requirement (Section 40109(a)) that states include activities to support transmission and distribution planning, including:
 - Support for local governments and Indian Tribes.
 - Feasibility studies for transmission line routes and alternatives.
 - Preparation of necessary project design and permits.
 - Outreach to affected stakeholders.

- Inserts a new **optional** element (Section 40104(b)) to include programs that promote the installation and use of demand-response technology and demand-response practices.
 - Replaces the **optional** element (Section 40109(b)) in paragraph 3 of 42 USC 6322(d) to allow for states to include “programs to increase transportation energy efficiency, including programs to help reduce carbon emissions in the transportation sector by 2050 and accelerate the use of alternative transportation fuels for, and the electrification of, State government vehicles, fleet vehicles, taxis and ridesharing services, mass transit, school buses, ferries, and privately owned passenger and medium- and heavy-duty vehicles.”
3. **State Energy Security Plans:** Section 40108 of the legislation amends the Energy Policy and Conservation Act (42 USC 6321 et seq.) to add section 366, State Energy Security Plans. This section provides that federal financial assistance provided through SEP may be used for the development, implementation, review, and revision of a State Energy Security Plan through coordination with the state public utility commission, energy providers from the private and public sectors, and other entities responsible for maintaining fuel or electric reliability and securing energy infrastructure.

Below are additional provisions:

- Federal financial assistance under SEP is not available for any purpose unless a Governor submits a State Energy Security Plan that meets the requirements laid out in this legislation or, after an annual review by the Governor, makes revisions to such plan or certifies that no such revisions are needed.
- State Energy Security Plans **must** meet the following requirements:
 - Address all energy sources and regulated and unregulated energy providers.
 - Provide a state energy profile, including an assessment of energy production, transmission, distribution, and end-use.
 - Address potential hazards to each energy sector or system, including physical threats and vulnerabilities and cybersecurity threats and vulnerabilities.
 - Provide a risk assessment of energy infrastructure and cross-sector interdependencies.
 - Provide a risk mitigation approach to enhance reliability and end-use resilience.
 - Address multi-state and regional coordination, planning, and response and coordination with Indian Tribes with respect to planning and response.
- Each state receiving federal financial assistance shall provide reasonable assurance that federal financial assistance will be used to supplement, and not to supplant, state and local funds and increase the amount of state and local funds that otherwise would be available, in the absence of the federal financial assistance, for the implementation of a State Energy Security Plan.
- The State Energy Security Plan requirements contained in this legislation shall **expire on October 31st, 2025**.

These statutory provisions are also noted in appropriate sections throughout this Manual.

Introduction

States must submit an Annual Grant Application to receive federal financial assistance for SEP. The minimum requirements for the Grant Application were established by SEP's final rule in 1997 ([10 CFR Part 420](#)). The rule mandates a uniform application and reporting format for all states, while allowing states to remain flexible in their programmatic content. Applications and reporting forms must be submitted by the states through the Performance and Accountability for Grants in Energy (PAGE) system.

Early in the calendar year, DOE issues an Administrative and Legal Requirements Document (ALRD), which provides guidance to states on applying for Formula funds and specifies the amount of Formula funds that a state is eligible to receive. The ALRD is also accompanied by the Formula Grant Application Instructions. The ALRD serves the same purpose as a Funding Opportunity Announcement, as previously issued for SEP Formula allocations.

The Annual Grant Application, as defined in the regulations, must be used by state agencies applying for grants from SEP. The Annual Grant Application is the component of the State Plan that serves as a state's request for Formula grant funding and defines how the state will use allocated funds for the current fiscal year. The application must include a list of mandatory and optional activities, and it also must contain budgetary information.

A state's Master File consists of the state's energy efficiency goals and the mandatory activities the state intends to undertake to achieve those goals. If the state plans to change any of the items listed in the Master File, other than at the time of renewal or continuation of the award, the state will be required to submit an amendment to the Master File.

State Application

The State Application consists of a [Standard Form \(SF\) 424](#) (application), Standard Form 424A (budget), Budget Justification, Master File, Annual File, various certifications, a link to the state's latest A-133 audit, an indirect rate agreement or proposed rates for review, and an environmental questionnaire (if applicable). The DOE SEP Formula Grant Application Instructions provides information on where to download or access these materials. The Application Instructions and other application documents can be found on the [SEP Program Guidance webpage](#).

Standard Form 424

A completed and signed [SF 424](#) containing the most current information must be submitted. Section 18 of this form should reflect the allocation of new funds only (whether state, federal, cost match, or Petroleum Violation Escrow). States should verify compliance with [Executive Order 12372](#), Section 19. The instructions and the list of certifications and assurances referenced in Field 21 may be found here on DOE's [Office of Management website](#).

By signing Box 21, a state affirms to the certifications and assurances. In addition to completing the [SF 424](#), a state should add an attachment to the document that provides the name, phone number, and email address for the principal investigator and the business official. These should be revalidated annually.

Budget

The budget includes SF 424A and a Budget Justification. Each of these forms should be completed by following the guidelines below. For SF 424A, applications must include a budget for all funds applied for, including federal, Petroleum Violation Escrow (PVE), and state match. SF 424A should be completed as follows:

- Section A: Budget Summary lines 1-4, Columns (a) through (g). On line 1, enter new and unexpended DOE federal funds. Carryover funds should be listed in the estimated unobligated fund columns. Use a separate line for each funding source (e.g., PVE funds, state match, etc.).
- Section B: Budget Categories. Separate column headings should be utilized for each funding source. The total in column (g), Section A, must equal the total of all columns in Section B.

Budget Justification

The Budget Justification consists of a detailed explanation of the Object Class Categories listed in line 6, Section B, of SF 424A. In preparing the Budget Justification, states should address the following as requested for each budget category:

- **Personnel:** Identify all positions to be supported by title and the amounts of time (e.g., percentage of time) to be expended on SEP, the base pay rate, and the total direct personnel compensation.
- **Fringe Benefits:** If fringe cost rates are approved by a federal agency, identify the agency and date of latest rate agreement and include a copy of the rate agreement with the application. If fringe cost rates are not approved by a federal agency, explain how total fringe benefit costs were calculated. Calculations should identify all rates used along with the base they were applied to (and how the base was derived), and a total for each (along with the grand total). If there is an established computation methodology approved for statewide use, provide a copy with the application.
- **Travel:** Provide the purpose of travel, such as professional conference(s), DOE-sponsored meeting(s), project monitoring, etc. Identify the number of travelers and the destination/location, if known. If there is any foreign travel, it should be identified. Provide the basis for the travel estimate by citing past trips, current quotations, or federal and state travel regulations. All listed travel must be necessary or beneficial to the performance of the State Energy Program as defined in the 10 CFR 420. States are encouraged to budget funds for appropriate regional and national conferences such as National Association of State Energy Officials (NASEO) meetings.
- **Equipment:** Equipment is defined as an item with an acquisition cost greater than \$5,000 and a useful life expectancy of more than one year. List all proposed equipment and briefly explain its utility in meeting the objectives of this award. Provide a basis of cost such as vendor quotes, catalog prices, or prior invoices. If the equipment is being proposed as cost match and was previously acquired, provide the value of its contribution to the project and a rationale for the estimated value shown. If it is new equipment that will retain a useful life upon completion of the project, provide a rationale for the estimated value shown. Also, indicate whether the equipment is being used for other projects or is 100% dedicated to the state's SEP.
- **Supplies:** Supplies are defined as items with an acquisition cost of \$5,000 or less and a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. List all proposed supplies and their estimated cost. Explain the utility of the supplies in meeting the objectives of this award. Supply items must be direct costs to the project and not duplicative of supply costs included in the indirect pool that is the basis of any indirect rate applied for this project. Provide a basis of cost for each item listed; for example, cite vendor quotes, prior purchases of similar or like items, or published price lists.
- **Contractual:** Contractual includes costs for work done or services provided by sub-recipients, vendors, contractors, or consultants. All sub-recipients, vendors, contractors, consultants, and their estimated costs, should be identified. Use "TBD" if the entity is unknown. Provide a brief description of the work to be performed or the service to be provided and provide the activity the work or service falls under.
- **Other Direct Costs:** Other direct costs are direct cost items required for the project that do not fit clearly into other categories. These direct costs must not be included in the indirect costs (if indirect costs are proposed for this project). Examples of direct costs are conference fees, meetings within the scope of work, subscription costs, and printing costs. These costs can be directly charged to the project and cannot be duplicated in indirect costs (overhead costs). Provide a general description, cost, and justification for each direct cost item. Provide a basis of cost for each item. Examples include vendor quotes, prior purchases of similar items, and published price lists.
- **Indirect Costs:** If the indirect cost rate has been approved by a federal agency, identify the agency and the date of the latest rate agreement, and submit a copy of the agreement with the application. If the indirect cost rate has not been approved by a federal agency, provide the basis for computation of rates, including the types of benefits to be provided, the rate(s) used, and the cost basis for each rate.

Annual File/Narrative Information Worksheet (DOE F 540.1)

The Annual File section of the State Plan describes each program activity for which the state requests financial assistance for a given year. This includes budget information and milestones for each project, and the intended scope and goals to be attained either qualitatively or quantitatively. The SEP Narrative Information Worksheets capture this information. States are strongly encouraged to structure the projects within the Activity narrowly, such that each Activity represents only a single state-implemented program. The Annual File should account for all funds budgeted within the program year, including funds for administrative activities. This includes state match and PVE funds. The Annual File must include at least one process metric for each Activity.

See 10 CFR Part 420.13, Requirements for annual state applications and amendments. See 10 CFR Part 420.15, Minimum criteria for required program activities. (See notes below about changes made under HR 3684, the Infrastructure Investment and Jobs Act; these are not yet reflected in the regulations).

See 10 CFR Part 420.17, Optional elements of State Energy Program plans. (See notes below about changes made under HR 3684, IIJA; these are not yet reflected in the regulations).

Below, see guidance on filling out the specific items in the worksheet.

Mandatory Requirements

The following activities and details on compliance are required in each State Plan:

- Establish mandatory lighting efficiency standards for public buildings.
- Promote carpools, vanpools, and public transportation.
- Incorporate energy efficiency criteria into procurement procedures; implement mandatory thermal efficiency standards for new and renovated buildings; or, in states that have delegated such matters to political subdivisions, adopt model codes for local governments to mandate such measures.
- Permit right turns at red traffic lights and left turns from a one-way street onto a one-way street at a red light after stopping.
- Ensure effective coordination among various local, state, and federal programs within the state that pertain to energy efficiency, renewable energy, and alternative transportation fuel.
- **New (added by IIJA) ►** Support transmission and distribution planning, including:
 - Support for local governments and Indian Tribes.
 - Feasibility studies for transmission line routes and alternatives.
 - Preparation of necessary project design and permits.
 - Outreach to affected stakeholders.

See 10 CFR Part 420.15 for more specific requirements on mandatory activities.

Optional Program Activities

States may wish to consider the following program areas for inclusion in their State Plans:


- Program activities of public education to promote energy efficiency, renewable energy, and alternative transportation fuels.
- **New (added by IIJA)** ► Program activities that promote the installation and use of demand-response technology and demand-response practices.
- **Revised (per IIJA)** ► Program activities to increase transportation energy efficiency, including programs to help reduce carbon emissions in the transportation sector by 2050 and accelerate the use of alternative transportation fuels for, and the electrification of, State government vehicles, fleet vehicles, taxis and ridesharing services, mass transit, school buses, ferries, and privately owned passenger and medium- and heavy-duty vehicles.
- Program activities for financing energy efficiency measures and renewable energy measures, which may include loan programs and performance contracting programs for leveraging of additional public and private sector funds; and program activities that allow rebates, grants, or other incentives for the purchase of energy efficiency measures and renewable energy measures.
- Program activities for encouraging and for carrying out energy audits with respect to buildings and industrial facilities (including industrial processes) within the state.
- Program activities to promote the adoption of integrated energy plans that provide for: (a) periodic evaluation of a state's energy needs, available energy resources (including greater energy efficiency), and energy costs; and (b) utilization of adequate and reliable energy supplies, including greater energy efficiency, that meet applicable safety, environmental, and policy requirements at the lowest cost.
- Program activities to promote energy efficiency in residential housing, such as: (a) program activities for development and promotion of energy efficiency rating systems for newly constructed housing and existing housing so that consumers can compare the energy efficiency of different housing; and (b) program activities for the adoption of incentives for builders, utilities, and mortgage lenders to build, service, or finance energy efficient housing.
- Program activities to identify unfair or deceptive acts or practices that relate to the implementation of energy efficiency measures and renewable energy measures and to educate consumers on such acts or practices.
- Program activities to modify patterns of energy consumption so as to reduce peak demands for energy and improve the efficiency of energy supply systems, including electricity supply systems.
- Program activities to promote energy efficiency as an integral component of economic development planning conducted by state and local government entities and energy utilities.
- Program activities (enlisting appropriate trade and professional organizations in the development and financing of such programs) to provide training and education (including, if appropriate, training workshops, practice manuals, and testing for each area of energy efficiency technology) to building designers and contractors involved in building design and construction or in the sale, installation, and maintenance of energy systems and equipment to promote building energy efficiency.
- Program activities for the development of building retrofit standards and regulations, including retrofit ordinances enforced at the time of the sale of a building.
- Program activities to provide support for pre-feasibility and feasibility studies for projects that utilize renewable energy and energy efficiency resource technologies to facilitate access to capital and credit for such projects.
- Program activities to facilitate and encourage the voluntary use of renewable energy technologies for eligible participants in federal agency programs such as the Rural Electrification Administration and the Farmers Home Administration.
- Program activities to support industrial energy efficiency and combined heat and power.
- Program activities to quantify the co-benefits of energy efficiency and renewable energy, including improvements in air quality, reductions in greenhouse gas emissions, improvements in public health and economic development.
- Program activities to implement the Energy Technology Commercialization Services Program.

See *10 CFR Part 420.17* for more specific requirements on optional activities.

Activity

Provide the name given to the specific Activity. See Figure 2-1 (screen shot from PAGE).

Figure 2-1. State Energy Program Annual File: Project Activities

Annual File: Program Year: 2021; Revision: 0; In-process ▼ 

Project Activities

Total Federal Funding: \$451,000.00

Energy Efficiency Education and Outreach

Activity: Education and Outreach ⓘ
Federal funding: \$40,000.00
Revision status: Active (pending add) ⓘ

[View activity](#) [Delete](#)

Energy Emergency and Assurance Planning

Activity: Energy Security ⓘ
Federal funding: \$50,000.00
Revision status: Active (pending add) ⓘ

[View activity](#) [Delete](#)

Administrative and Program Support

Activity: Program Management ⓘ
Federal funding: \$250,000.00
Revision status: Active (pending add) ⓘ

[View activity](#) [Delete](#)

Energy Savings Performance Contract (ESPC)

Activity: Technical Assistance ⓘ
Federal funding: \$75,000.00
Revision status: Active (pending add) ⓘ

[View activity](#) [Delete](#)

Building Energy Codes and Energy Codes Training


Activity: Training and/or Workforce Development ⓘ
Federal funding: \$36,000.00
Revision status: Active (pending add) ⓘ



[View activity](#) [Delete](#)

Sectors and Technology and/or Topic Areas in Overall Program Activity

























Choose all Sectors and Technology and/or Topic Areas that apply to the initiative(s) undertaken in the Activity. See Figures 2-2a and 2-2b.

Figure 2-2a. State Energy Program Annual File: Sector

Annual File: Program Year: 2021; Revision: 0; In-process 

Administrative and Program Support
Activity: Program Management 
Federal funding: \$250,000.00
Revision status: Active (pending add) 
[Edit](#)

Sector

<input type="checkbox"/> Agriculture / Agricultural 	<input type="checkbox"/> Institutional 	<input type="checkbox"/> Not Applicable 
<input checked="" type="checkbox"/> Buildings 	<input type="checkbox"/> Landlord / Tenant 	<input type="checkbox"/> Private Sector 
<input type="checkbox"/> Commercial 	<input checked="" type="checkbox"/> Local Government 	<input checked="" type="checkbox"/> Residential 
<input type="checkbox"/> Federal Government 	<input type="checkbox"/> Low / Limited Income 	<input type="checkbox"/> Rural 
<input type="checkbox"/> General Public 	<input type="checkbox"/> Manufacturing 	<input type="checkbox"/> State or Territory Government 
<input type="checkbox"/> K-12 Schools 	<input type="checkbox"/> Multi-state Collaboration 	<input type="checkbox"/> Transportation 
<input type="checkbox"/> Higher Education 	<input type="checkbox"/> Non-building Infrastructure 	<input type="checkbox"/> Tribal / Native American 
<input type="checkbox"/> Industrial 	<input type="checkbox"/> Non-profits 	<input type="checkbox"/> Utilities 

[Edit](#)

Figure 2-2b. State Energy Program Annual File: Technology and/or Topic Areas

Technology and/or Topic Areas


- | | |
|--|---|
| <input type="checkbox"/> Alternative Fuels and Advanced Vehicle Technologies ⓘ | <input type="checkbox"/> Environmental Justice ⓘ |
| <input type="checkbox"/> Appliance Efficiency or Standards ⓘ | <input type="checkbox"/> Fuel Cell and Hydrogen Technologies ⓘ |
| <input type="checkbox"/> Audits and Assessments (Energy, Water, and Process) ⓘ | <input type="checkbox"/> Geothermal ⓘ |
| <input type="checkbox"/> Benchmarking ⓘ | <input type="checkbox"/> Grid Modernization ⓘ |
| <input type="checkbox"/> Biofuels ⓘ | <input type="checkbox"/> Hydropower / Hydrokinetic Power ⓘ |
| <input type="checkbox"/> Biomass ⓘ | <input type="checkbox"/> Natural Gas ⓘ |
| <input type="checkbox"/> Building Energy Codes or Standards ⓘ | <input type="checkbox"/> Not Applicable ⓘ |
| <input type="checkbox"/> Carbon Capture, Utilization and Storage ⓘ | <input type="checkbox"/> Propane ⓘ |
| <input type="checkbox"/> Clean Energy / Clean Energy Technologies ⓘ | <input checked="" type="checkbox"/> Renewable Energy ⓘ |
| <input type="checkbox"/> Combined Heat and Power ⓘ | <input type="checkbox"/> Resiliency ⓘ |
| <input type="checkbox"/> Cybersecurity ⓘ | <input type="checkbox"/> Smart Grid ⓘ |
| <input type="checkbox"/> Distributed Energy Resources ⓘ | <input type="checkbox"/> STEM Education ⓘ |
| <input type="checkbox"/> Electric Vehicles and Infrastructure ⓘ | <input type="checkbox"/> Solar ⓘ |
| <input type="checkbox"/> Energy Affordability ⓘ | <input type="checkbox"/> Storage ⓘ |
| <input type="checkbox"/> Energy Certification Programs ⓘ | <input type="checkbox"/> U.S. DOE Accelerators ⓘ |
| <input type="checkbox"/> Energy Conservation ⓘ | <input type="checkbox"/> U.S. DOE Clean Cities ⓘ |
| <input checked="" type="checkbox"/> Energy Efficiency ⓘ | <input type="checkbox"/> Waste to Energy / Solid Waste Minimization ⓘ |
| <input type="checkbox"/> Energy Equity ⓘ | <input type="checkbox"/> Water Nexus ⓘ |
| <input type="checkbox"/> Energy Management ⓘ | <input type="checkbox"/> Weatherization ⓘ |
| <input type="checkbox"/> Energy Savings Performance Contracting ⓘ | <input type="checkbox"/> Wind ⓘ |
| <input checked="" type="checkbox"/> ENERGY STAR ⓘ | |

[Edit](#)

Sectors and Technology and/or Topic Areas for Energy Security Activity

The “Energy Security” activity includes different options. Choose all Sectors and Technology and/or Topic Areas that apply to the “Energy Security” activity. See Figures 2-2c and 2-2d.

Figure 2-2c. State Energy Program Annual File: Sectors – Energy Security

Annual File: Program Year: 2021; Revision: 0; In-process ▼ 

Energy Emergency and Assurance Planning
Activity: Energy Security ⓘ
Federal funding: \$50,000.00
Revision status: Active (pending add) ⓘ
[Edit](#)

Sector

<input type="checkbox"/> Agriculture / Agricultural ⓘ	<input type="checkbox"/> Institutional ⓘ	<input type="checkbox"/> Not Applicable ⓘ
<input type="checkbox"/> Buildings ⓘ	<input type="checkbox"/> Landlord / Tenant ⓘ	<input type="checkbox"/> Private Sector ⓘ
<input type="checkbox"/> Commercial ⓘ	<input type="checkbox"/> Local Government ⓘ	<input type="checkbox"/> Residential ⓘ
<input type="checkbox"/> Federal Government ⓘ	<input type="checkbox"/> Low / Limited Income ⓘ	<input type="checkbox"/> Rural ⓘ
<input type="checkbox"/> General Public ⓘ	<input type="checkbox"/> Manufacturing ⓘ	<input checked="" type="checkbox"/> State or Territory Government ⓘ
<input type="checkbox"/> K-12 Schools ⓘ	<input type="checkbox"/> Multi-state Collaboration ⓘ	<input type="checkbox"/> Transportation ⓘ
<input type="checkbox"/> Higher Education ⓘ	<input type="checkbox"/> Non-building Infrastructure ⓘ	<input type="checkbox"/> Tribal / Native American ⓘ
<input type="checkbox"/> Industrial ⓘ	<input type="checkbox"/> Non-profits ⓘ	<input type="checkbox"/> Utilities ⓘ

[Edit](#)

Figure 2-2d. State Energy Program Annual File: Technology and/or Topic Areas – Energy Security

Technology and/or Topic Areas

Emergency Response And Recovery Areas
☒ **Emergency Support Function (ESF 12)** ⓘ
☐ Situational Awareness and Monitoring ⓘ

Preparedness And Training Areas
☐ Education and Outreach ⓘ
☒ **Preparedness** ⓘ
☒ **State Energy Office Staff Training** ⓘ
☐ Technical Assistance ⓘ

Planning Areas
☐ Cybersecurity ⓘ
☐ Pre-disaster Mitigation ⓘ
☐ Reliability ⓘ
☒ **Strategic Planning** ⓘ
[Edit](#)

Estimated Annual Energy Savings

Estimated energy savings (in MBtu) resulting from the activity should be provided in this section wherever practicable. States are encouraged to provide self-calculated data and realistic numbers for direct and indirect energy savings to assist DOE in communicating the impact of the SEP.

Description (Include Goals and Objectives)

Include a concise description of the initiative(s), including goals and objectives, with enough specificity to allow DOE to determine that it meets program intent and includes no prohibited projects.

Program Year Milestones

A list of milestones and, if applicable, the number planned should be provided in this section.

Metrics

Process metrics are an important element of Formula grant reporting, and are described in detail in the reporting guidance, [SEP Program Notice Series 10-006E](#).

Some activities funded by SEP Formula grants cannot be measured meaningfully by the metrics outlined here (e.g., emergency preparedness or quick-response analysis for legislators, state executives, or stakeholders). The metrics discussed in this guidance are not intended to restrict or change state activities funded by SEP. Rather, they are intended to aid states so that, where possible, activity outcomes may be standardized for better understanding by Congress, by state executives and legislators, and by the public. SEP activities that do not fit into these metrics should be reported qualitatively.

Budgets: Program Year Funds by Source

For each market title, provide a list of funding sources and the dollar amount for each source for the SEP grant budget and leveraged fund categories. DOE requests an estimate of anticipated leveraged funds for each function to assist in assessing SEP's impact.

Master File

The Master File is the component of the State Plan that describes a state's energy efficiency goals and how a state intends to achieve those goals.

The Master File should include, wherever practicable, the state's overall strategic energy plan and an explanation of how the state's SEP agenda fits into this plan.

The Master File should:

1. Explain how implementing the plan will conserve energy.
2. Explain how the state will measure progress toward attaining its goals.
3. Explain how the plan satisfies the minimum criteria for the required (mandatory) activities.
4. Provide a plan for state monitoring that describes how the state conducts the administrative and programmatic oversight for programs implemented by other agencies within the state, contractors employed by the state, or sub-recipients of financial assistance from the state.

Below we provide guidance on completing specific sections of the Master File.

1. Description of State Energy Goals to Be Achieved

The Master File begins with an overall description of the energy efficiency, renewable energy, and alternative transportation fuel goals to be achieved through implementation of the SEP. [10 CFR Part 420.13.b. \(2\)](#)

2. Selection of State Goals

Applicants should describe why the state goals were selected. [10 CFR Part 420.13.b. \(2\) \(ii\)](#)

3. Measuring Achievement

Applicants should describe how the attainment of goals will be measured by the state. [10 CFR Part 420.13.b. \(2\) \(iii\)](#)

4. State Strategy

Applicants should describe how the program activities included in the State Plan represent a strategy to achieve the goals outlined in the Master File. [10 CFR Part 420.13.b. \(2\) \(iv\)](#)

5. Secretary's invite to Governors and achieving a 25% or more improvement in the efficiency of use of energy by 2012 (1990 Baseline)

This is no longer relevant for the application, and no further action is required.

6. Mandatory Activities

Applicants should address how the minimum criteria for the required program activities have been implemented and maintained. If there are mandatory activities being funded in the program year, these activities should also be addressed in the SEP Annual File Narrative Information Worksheets. A State Plan must include and satisfy all of the following minimum criteria for required program activities:

- Mandatory lighting efficiency standards for public buildings.
- Program activities to promote the availability and use of carpools, van pools, and public transportation.
- Mandatory standards and policies to improve energy efficiency of state and local procurement practices.
- Mandatory thermal efficiency standards for new and renovated state and local buildings.
- A traffic law or regulation that permits the operator of a motor vehicle to make a right turn at a red traffic light after stopping and a left turn from a one-way street to a one-way street after stopping.
- Procedures must exist for ensuring effective coordination among various local, state, and federal energy efficiency, renewable energy, and alternative transportation fuel programs within the state, including any program administered within DOE's [Building Technologies Office](#), State, and Community Programs and the [Low-Income Home Energy Assistance Program](#) administered by the [U.S. Department of Health and Human Services](#).
- **New (added by IIJA) ►** Support transmission and distribution planning, including:
 - Support for local governments and Indian Tribes.
 - Feasibility studies for transmission line routes and alternatives.
 - Preparation of necessary project design and permits.
 - Outreach to affected stakeholders.

[10 CFR Part 420.13 b \(4\)\(v\)](#) and 15; IIJA (enacted November 2021).



Photo courtesy of iStock 523875332.

7. Environmental Impact

If any of the activities being undertaken by the state in its State Plan have environmental impacts, a detailed description of the increase or decrease in environmental residuals (i.e., air or water pollution [CO₂, NO_x, SO_x, etc.], solid and hazardous waste, etc.) expected from implementation of the State Plan should be provided. The impacts should be defined as much as possible using information from DOE. This section should also discuss how these environmental factors were considered in the selection of program activities. [10 CFR Part 420.13.b. \(5\)](#)

8. Supplementing Weatherization

If a state undertakes program activities involving purchase or installation of materials or equipment for weatherization of low-income housing, an explanation of how these activities would supplement and not supplant DOE's [Weatherization Assistance Program](#), under [10 CFR 440](#), should be included in this section. [10 CFR Part 420.13.b. \(6\)](#)

9. Supplementing State/Local Funds

States should provide a reasonable assurance to DOE that the state has established policies and procedures designed to ensure that federal financial assistance for the State Plan will be used to supplement, and not to supplant, state and local funds. States should also, to the extent practicable, attest to an increase in funds available for State Plan activities—an increase independent of federal assistance. [10 CFR Part 420.13.b. \(7\)](#)

10. Compliance With Laws and Regulations

This section should include an assurance that the state will comply with all applicable statutes and regulations in effect during the period for which the state receives grant funding. [CFR Part 420.13.b. \(8\)](#)

11. Energy Emergency Plans

States should maintain an energy emergency plan for an energy supply disruption, designed by the state, consistent with applicable federal and state law. It should include an implementation strategy or strategies (including regional coordination) to deal with energy emergencies. Over the past decade, state energy emergency plans have evolved from a focus on natural disaster response to a comprehensive, all hazards approach including mitigation measures such as diversification of energy resources, energy efficiency, and renewable energy.

States shall submit a certification (via letter) that they have an energy emergency/assurance plan on file and that it is available to DOE upon request. For states that desire to update their plan, [model guidelines](#) have been developed for incorporating energy efficiency and renewable energy technologies into a state's energy emergency plan.

The Infrastructure Investment and Jobs Act (IIJA) passed by Congress and signed into law in November 2021 also includes new requirements for State Energy Security Plans in order to receive federal funding. See "A Note on the Infrastructure Investment and Jobs Act" in Chapter 1 for more information.

12. Monitoring Approach

The state completes this section of the Master File to describe how the state conducts administrative and programmatic oversight activities for SEP programs that are implemented by other agencies within the state, contractors employed or contracted by the state, or sub-recipients of financial assistance from the state.

If a state has an ongoing American Recovery and Reinvestment Act (ARRA) financing program, the following template language should be included in the section on their Monitoring Approach:

Following the end of [State Energy Office's Name]'s SEP ARRA grant [ARRA Grant Number], [State Energy Office's Name], chose to continue financing program(s) established under our SEP ARRA grant per [SEP Program Notice 10-008F](#). This guidance series outlines the continuing administration and reporting required. No dollars were transferred from the ARRA award to the annual award because the dollars were expended during the period of performance of the ARRA award. Monitoring information on the programs, including the scope and quarterly financial information, can be found in the Financial Programs Report, submitted quarterly as part of [State Energy Office Name]'s SEP annual grant quarterly reporting requirements.

For those states with active ARRA-funded RLFs, either self- or third-party administered, address the following items in Box 12, Monitoring Approach, of the Master File:

- Provide citations to any applicable state regulations or legislation regarding defaults or write-offs.
- Define what constitutes a loan being in default, including the period of time needed to pass since a payment was made for a loan to be considered in default status.
- Describe the policies and procedures used to collect loan payments and / or reclaim defaulted loans (in order of occurrence).

- Describe the policies and procedures to determine when a loan in default is written off.
- Include any other pertinent information that applies to your loan default and write-off process.

If a state is interested in converting an ARRA-funded financing program to a grant program or a new financing program, the state must send an email request to its Project Officer. The email should indicate how the state would reword the “description section” of its PAGE Financial Programs Report (FPR), outline the additional metrics that would be added to the “metrics section” of the FPR, and detail the revised dollar amounts. Written approval must be obtained by the Contracting Officer before a state can implement the new program.

If a state is interested in moving ARRA financing program funds from one financing program to another financing program within the FPR, the state should enter an Inter-Program Transfer in the FPR, provide an explanation in the FPR Remarks section, and notify its Project Officer of the transfer. Contracting Officer approval is not required on Inter-Program Transfers. A Financial Programs Report (FPR) must be submitted quarterly, but a Quarterly Progress Report and SF-425 are not required for ARRA Financing Program activities. The FPR is available in PAGE and should be completed quarterly once the state’s ARRA award has expired. The FPR requires the state to report metrics for each financing program.

For further guidance, see [SEP Program Notice 10-006E](#), “DOE Reporting Requirements for the State Energy Program.”

Annual Summary

Beginning in Program Year 2014, states must submit an Annual Summary to their assigned Project Officer. The Annual Summary must sum up projects undertaken in the grant period by Activities, including successes and failures, lessons learned, and recommendations to DOE for future activities. If SEP funds are used to support State Energy Office staff, the Final Summary must include a description of staff activities related to promoting energy efficiency and renewable energy. The Annual Summary must be submitted no later than 90 days following the end of the budget period.

A suggested template for the Annual Summary can be found in the [Appendix D](#).

Final Reports and Close-Out

Final Reports and Close-Out information are due 90 days after the end of each grant project period, typically at the end of a calendar quarter. Contact your Project Officer for information on the Close-Out process.

Introduction

Federal regulations require the U.S. Department of Energy (DOE) to monitor each grant recipient and grantees for each project, program, sub-recipient, function, or initiative supported by federal funds to ensure compliance with all federal regulations. The State Energy Program (SEP) has staff located in Washington, D.C. (Headquarters) and Golden, Colorado (Field Office). DOE Leadership and staff at both locations participate and coordinate SEP's monitoring responsibilities.

The goal of State Energy Office grant monitoring is to maximize the effectiveness of SEP projects to confirm compliance with applicable federal and state regulations and to ensure these projects are on schedule and on budget. Monitoring also provides an opportunity for DOE to communicate with states and states with sub-recipients to provide assistance to help achieve our mutual energy goals. This section outlines grant monitoring procedures and responsibilities established for DOE and states.

Reporting

What Is PAGE?

The **Performance and Accountability for Grants in Energy** (PAGE) system is an online database developed by DOE. The online database is available to all SEP and Weatherization Assistance Program grant recipients.

PAGE allows DOE and its grantees to electronically submit and manage grant performance and financial information. PAGE performs grant program management, provides a standardized framework for applications and reporting, and collects performance data.

PAGE Functions

The PAGE database includes grant information such as applications, summaries, financial reports, programmatic reports, and monitoring. The navigational structure in PAGE allows Project Officers (POs) and grantees to access grant information using categorized tabs. Formula grant information is under the SEP tab, while Competitive award information is under the SEP Special Projects tab.



Information Types

The Application Documents page lists “packages” of application documents (submitted and approved). These documents may include **SF-424s**, Budgets, Annual Files, Master Files, or Performance-site location information. Optional documents required for submitting applications can be included as file attachments at the bottom of the **SF-424** page. Grant Application information may include descriptive and demographic information related to the grantee, detailed budget information, description of grantee program management, and a programmatic description of the activities that will be performed during the grant period.

Figure 3-1. Application Documents

Application Documents

The Application documents page lists "packages" of application documents. These documents may include SF-424s, Budgets, Annual Files, Master Files, Performance-site location information, and optional documents required for submitting applications.

Program Year	Opportunity Code	Period	Revision ⓘ
2021	DE-SEP-0002021	07/01/2021 - 06/30/2022	Revision 0 (Submitted)
2020	DE-FOA-0002020	07/01/2020 - 06/30/2021	Revision 0 (Approved) 
2019	DE-SEP-0002019	07/01/2019 - 06/30/2020	Revision 0 (Approved) 

ⓘ The "Create New Revision" button allows for modification to key documents in an application package, while maintaining historical submissions. After creating a revision, you may "Add documents" that you wish to update. Please note you can create revisions only for program years with approved application packages.

Create New Revision

Grant summaries are available under the "SEP" tab; they include procurement, financial, and period of performance data.

Grant financial reports include the information submitted with the Federal Financial Report (FFR, or Standard Form SF-425). Information for Automated Standard Application for Payments (ASAP) grant fund drawdowns is available on the payments page.

Grant programmatic reports include program-specific performance data required to measure the success of the grant program. This data is typically reported based on information provided as part of the Grant Application (reporting actual data in comparison to the plan). Programmatic reports may include combinations of monthly, quarterly, and annual reports. Additional reports may be required by grant programs, for example, the Semi-Annual Davis Bacon report and the Annual Historic Preservation report.

Grant monitoring includes information provided by POs as part of their grant monitoring activities. Monitoring activities are program-specific. They may include desk audits and on-site visits. Their frequency varies depending on the grant program requirements.

Types of Reporting in PAGE

Quarterly Performance Report

The Quarterly Performance Report (QPR) contains Activity-level information (see Figure 3-3 below for an overview of SEP Activities) on costs, milestones, and metrics, as well as qualitative descriptions. It also provides a comprehensive view of Activity progress. SEP Program Notice 10-006F contains guidance for reporting on QPRs. The QPR is due no later than 30 calendar days after the end of each reporting period. QPRs are submitted to and approved by DOE via the QPR page (see Figure 3-2).

Figure 3-2. Quarterly Performance Report



Program year:	2021
Budget period:	07/01/2021 - 06/30/2022
Performance Period:	07/01/2021 - 09/30/2021 Approved  
Title:	Energy Management Programs, Buildings and ESPCs
Activity:	Technical Assistance
Status:	Active
% of Work Complete:	0
Description:	<p>The goal of the State Energy Management Program ("Program") is to increase energy efficiency and lower energy costs for state agencies and other public bodies. The Program is the administrator for electricity, demand response, natural gas, heating oil and propane contracts and also provides technical support and program management for other program and projects. The Program will assist participating agencies to retrofit existing buildings to maximize energy savings and create a sustainable reduction in energy usage. A tracking system has been developed for agencies to calculate energy savings from these improvements. All state agencies participating are expected to proactively pursue energy efficiency measures, particularly Energy Savings Performance Contracts (ESPCs), to reduce energy consumption.</p>
Planned Dates:	07/01/2021 - 06/30/2022

Figure 3-3. SEP Activities

Economic Development
RD&D related activities (as SEP cannot fund R&D), market development
Education and Outreach
Conferences/forums convened or supported, certain stakeholder engagement, K-12 programs, challenges or other recognition programs, web-based info/clearinghouses
Energy Security
Planning preparedness, response, rebuilding/recovery, mitigation, risk management, resiliency, and cybersecurity
Funding and/or Financing
Includes financing and incentive programs, e.g., loans, loss reserves, bonds, grants, rebates, and tax incentives
Policy, Planning, and/or Program Development
Policy activities: development and/or implementation of goals, guidance, criteria, initiatives
Program Management
SEP management, oversight, operations, and subrecipient monitoring
Technical Assistance
Audits, analyses, evaluations, studies, assessments, surveys, monitoring, and energy services
Technology Action Group
Percent of Formula Funds for Pilot Initiative
Training and/or Workforce Development
E.g., BOC classes, CEM prep courses, HVAC certifications

Federal Financial Report (Standard Form SF-425)

The FFR contains federal and state expenditures, program income, indirect expenses, and Petroleum Violation Escrow (PVE) funds, if applicable. [SEP Program Notice 10-006F](#) contains guidance for reporting on FFRs. The FFR is due no later than 30 calendar days after the end of each reporting period. FFRs are submitted to and approved by DOE via the Financial Programs Report page.

Figure 3-4. Federal Financial Report (SF-425)

Reporting period: 04/01/2021 - 06/30/2021 In-process 🖨️ 📄

Federal Outlays Reported On The Quarterly Performance Report For This Period

PPR Status: In-process

+ Title(s) <small>click here to show details...</small>	Activity Status	Previously Reported	This Period Outlays	Cumulative To Date
Total Outlays		\$568,218.85	\$328,454.47	\$896,673.32

Account or Identifying Number:
 Basis: ☒ Cash ☐ Accrual

10. Transactions

Federal Cash	Previously Approved	This Period	Cumulative
a. Cash Receipts	\$1,082,704.74	\$ 323,844.84	\$ 1,406,549.58
b. Cash Disbursements	\$1,141,785.88	\$ 328,454.47	\$ 1,470,240.35
c. Cash on Hand (line a minus b)	(\$59,081.14)	-4,609.63	-63,690.77

Federal Expenditures and Unobligated Balance	Previously Approved	This Period	Cumulative
d. Total Federal Funds Authorized			\$ 1,553,960.00
e. Federal Share of Expenditures	\$1,141,785.88	\$ 328,454.47	\$ 1,470,240.35
f. Federal Share of Unliquidated Obligations	\$194,412.97		\$ 0.00
g. Total Federal Share (sum of lines e and f)	\$1,336,198.85		\$ 1,470,240.35
h. Unobligated Balance of Federal Funds (line d minus g)			\$ 83,719.65

Recipient Share	Previously Approved	This Period	Cumulative
i. Total Recipient Share Required 20% to date ⓘ	\$310,792.00	\$ 0.00	\$ 310,792.00
j. Recipient Share of Expenditures 21% to date ⓘ	\$153,596.00	\$ 157,196.00	\$ 310,792.00
k. Remaining Recipient Share to Be Provided (line i minus j)	\$157,196.00	-157,196.00	\$ 0.00

Program Income	Previously Approved	This Period	Cumulative
l. Total Federal Program Income Earned	\$40,095.29	\$ 97,898.41	\$ 137,993.70
m. Program Income Expended in Accordance with the Deduction Alternative	\$0.00	\$ 0.00	\$ 0.00
n. Program Income Expended in Accordance with the Addition Alternative	\$0.00	\$ 0.00	\$ 0.00
o. Unexpended Program Income (line l minus line m or line n)	\$40,095.29	\$ 97,898.41	\$ 137,993.70

Figure 3-5. Financial Programs Report

Reporting period: 04/01/2021 - 06/30/2021 In-process		
<input type="button" value="Validate"/>		
Financing Program: (1) Revolving Loan Program		

Financing Program Summary		<input type="button" value="EDIT"/>
Linked Grant	EE0009999 (State of Grantee)	
Financial Program Title	(1) Revolving Loan Program	
Description	Revolving loan fund for commercial (non-residential) renewable energy and energy efficiency projects. The renewable energy projects could be power, combined heat and power, or thermal-only projects.	
Program Administered	<input checked="" type="checkbox"/> In-House <input type="checkbox"/> Third Party	
Final ARRA Program Funding	\$15,000,000.00	
Financial Program Status	Active	



FINANCIAL METRICS SUMMARY		
(This section is pre-populated from information entered below in this report)		
Program Size		
Previous Program Size	\$15,030,000.00	
+ Non-Principal Income (Including Interest and Fees)	\$0.00	
+ Inter-Program Transfer	(\$2,000,000.00)	
- Outlays	\$0.00	
= Program Size	\$13,030,000.00	
Funds Available		
Program Size	\$13,030,000.00	
- Loans Given (cumulative to date)	\$14,000,000.00	
+ Principal Repaid (cumulative to date)	\$2,500,000.00	
= Funds Available	\$1,530,000.00	

Semi-Annual Davis Bacon Reporting

DOE grantees must comply with the [Davis-Bacon Act](#) as a condition of spending American Recovery and Reinvestment Act (ARRA) and Infrastructure Investment and Jobs Act (IIJA) funds. Among other Davis-Bacon requirements, grantees must report semi-annually to DOE regarding their oversight of Davis-Bacon compliance and enforcement. These reports are only required for annual Formula grants with Financial Programs Reports. They are due within 25 calendar days following the end of the semi-annual reporting period.

Note: Guidance on the applicability of Davis-Bacon to IIJA-funded activities will be forthcoming.



Figure 3-6. Semi-Annual Davis Bacon Enforcement Report

1.	Period Covered: 04/01/2021 - 09/30/2021 In-process		 
Validate			
2.	Number of contracts awarded subject to Davis-Bacon and Related Acts:		3
3.	Total dollar amount of contracts awarded Subject to Davis-Bacon and Related Acts:		\$ 12,345,678.00
4.	Number of contractors/subcontractors against whom complaints were received:		0
5.	Number of investigations completed:		2
6.	Number of contractors/subcontractors found in violation:		1
7.	Amount of wage restitution found due:		
	Davis-Bacon and Related Acts:		\$ 1,234.00
	Contract Work Hours and Safety Standards Act: (Overtime Violations)		\$ 0.00
8.	Amount of back wages paid:		
	Davis-Bacon and Related Acts:		\$ 1,234.00
	Contract Work Hours and Safety Standards Act:		\$ 0.00
9.	Total number of employees due wage restitution under the Davis Bacon and Related Acts and/or Contract Work Hours and Safety Standards Act:		2
10.	Amount of liquidated damages assessed under Contract Work Hours and Safety Standards Act:		\$ 0.00
Save Cancel			
Burden Disclosure Statement (click here to show ...)			
Instructions for Semi-Annual Enforcement Reporting Purposes (click here to show ...)			

Historic Preservation Reporting

Grantees must comply with the requirements of Section 106 of the National Historic Preservation Act as a condition of spending DOE funds. Among other Historic Preservation Act requirements, grantees must report annually to DOE regarding how they have met the Historic Preservation Act requirements for activities they are undertaking using DOE funds over the year. These reports cover September 1 to August 31 and are due September 15 each year.

Figure 3-7. Historic Preservation Report

Reporting period: 09/01/2020 - 08/31/2021 In-process		 
1a. State where recipient is located:	AA	
1b. Name of recipient:	STATE OF GRANTEE	
1c. Have you utilized a U.S. DOE-executed Historic Preservation Programmatic Agreement (PA) in order to comply with National Historic Preservation Act requirements for all or some of your U.S. DOE-funded EECBG, WAP, or SEP activities?	<input checked="" type="radio"/> Yes <input type="radio"/> No	
1d. If your answer to 1c above is no, then for any activities for which you did NOT utilize a PA for historic preservation review have you otherwise complied with National Historic Preservation Act requirements for those activities?	<input type="radio"/> Yes <input checked="" type="radio"/> No <input type="radio"/> N/A	
1e. Total number of activities being funded in whole or in part with DOE funds:	<input type="text" value="26"/>	
2a. Identify the number of activities that were exempt from further historic preservation review under the PA due to property age:	<input type="text" value="14"/>	
2b. Identify the number of activities exempt from further historic preservation review per the PA list of exempt activities:	<input type="text" value="11"/>	
2c. Identify the number of activities exempt from further historic preservation review under the PA due to a prior review under a Section 106 Agreement for Community Development Block Grants (CDBG):	<input type="text" value="1"/>	
3. For any activities that you did not identify as exempt from further review under questions 2a, 2b, or 2c, please list the following:		
a. Number of Section 106 reviews completed under the PA:	<input type="text" value="0"/>	

Grant Guidance

DOE provided guidance to SEP grantees on financing programs in [SEP Program Notice 10-008F](#) on November 10, 2020.

Establishing a PAGE Account

User access to PAGE is provided by PAGE Local System Administrators. For grantee users, each grantee office has at least one Local System Administrator; and for DOE users, each DOE office has at least one Local System Administrator. Users should contact the [PAGE Help Desk](#) for assistance with finding a PAGE Local System Administrator in their office.

PAGE Support

For any questions and support, grantees can refer to the FAQ tab, use the Help Button on the PAGE home screen, or contact their DOE PO. If a PO is unable to provide assistance, the PAGE Help Desk can be reached by emailing PAGE-Hotline@ee.doe.gov or calling 866-492-4546. See Figure 3-8 below.

Figure 3-8. PAGE Support

U.S. DEPARTMENT OF ENERGY | Energy Efficiency & Renewable Energy

Weatherization & Intergovernmental Programs

Performance and Accountability for Grants in Energy (PAGE)

Home **Contact Us** My Profile **Help** Training Videos Reference Library **FAQs** Submit Success Story WAP Communications Portal Logout

Home

Create New Application

Search

EECBG ☐

SEP ☐

SEP Special Projects ☐

WAP ☐

WAP Training Center ☐

Weatherization Innovative Pilot ☐

Miscellaneous Grants ☐

Grant Monitoring ☐

Help Desk ☐

Home PAGE

Start by clicking on the correct grant program on the left navigation menu which will direct you to the grant search page. Once your grant has been selected, you will be able to access grant-specific pages simply by selecting a menu item.

If you need assistance, or a quick refresher in using the site, be sure to visit our [Training Video Library](#).

Items Requiring Attention Filter by

Document Type	Period	Grant #	Submitted	Program
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Contact Us

Please use this form to send us your comments, report problems, and/or ask questions about information on this site.

* Your Information:

Name:

Phone:

Email:

Grant Number:

Grantee Name:

State:

* Subject:

* Message:

447 characters remaining

* - Required fields

Monitoring

Monitoring the Program

Federal regulations require DOE to monitor each grant recipient. Federal regulations also require grantees to monitor each project, program, sub-recipient, function, or activity supported by federal funds to ensure compliance with all federal regulations.

See [10 CFR Part 600.151](#) and [10 CFR Part 600.240](#), for awards made on or before December 26, 2014, or [2 CFR Part 200.328](#), for awards made after December 26, 2014.

This section outlines grant monitoring procedures and responsibilities established for DOE and states.

Goals and Objectives

The goal of State Energy Office grant monitoring is to maximize the effectiveness of SEP activities and to ensure compliance with applicable regulations. Administrative and financial monitoring ensures projects are on track and on schedule. Monitoring also provides an opportunity for DOE to communicate with states and provide assistance to help them achieve their energy goals.

DOE Monitoring of States

DOE is responsible for the oversight of state-led initiatives funded through SEP. DOE is also responsible for establishing monitoring policies and procedures, reviewing and assessing state administration of the program, and providing necessary technical assistance and training.

Desk Monitoring

POs perform desk monitoring to periodically review the status of projects and initiatives included in the State Plan and assess the financial status of the program in that state. Desk monitoring includes review of reports submitted by the state, discussions of items such as spending and milestones, and major accomplishments to highlight the activity for DOE to inquire if technical assistance is needed in a certain area and/or offer project-specific suggestions. POs also make regular monitoring visits to each state.

On-Site and Virtual Monitoring

Federal regulations require DOE to perform formal, on-site monitoring visits to states. During an on-site monitoring visit, the PO reviews the state's performance. A PO may request to observe state personnel monitoring a sub-recipient, or review state procedures for dealing with a problematic sub-recipient. Note: Due to certain circumstances stemming from the COVID-19 pandemic, POs may, in consultation with the state, conduct virtual monitoring in lieu of on-site monitoring.

See *Virtual Monitoring Instrument* in [Appendix G](#).

Pre-Visit Review and Monitoring Instrument

The pre-visit review is a key ingredient to a successful monitoring trip. The PO begins by coordinating with the state to determine visit dates and a draft agenda. At least 45 days prior to the visit, the PO asks the state to complete and provide the following pieces of information:

- Organizational management structure.
- Sample sub-recipient monitoring report.
- Administrative/programmatic policies/procedures.
- To the extent possible, a completed SEP On-Site Monitoring Instrument.

DOE requests that this information is submitted to the PO at least 15 days prior to the visit to allow for a thorough review. The PO then works with the state to develop a final agenda and determine which programs, contracts, and projects to review while on-site. The PO ensures that the agenda is comprehensive enough to cover most aspects of the state's initiatives and verifies that the state is complying with program and federal grant requirements.

Next, the PO sends a final notification letter and draft agenda to the state at least 21 days in advance of the visit. The letter describes the breadth of the review that will occur in the upcoming visit. The letter should list specific projects or programs, sites to be visited, and materials to be reviewed.

POs review the following documents prior to the visit:

- The information submitted by the state, including the On-Site Monitoring Instrument.
- The most recent monitoring visit report and correspondence with the state.
- Recent quarterly progress and fiscal reports for the year to be monitored.
- Current Master File and Annual File.
- Program and project files for the programs to be monitored during the visit.

See On-Site Monitoring Instrument in [Appendix F](#).

Monitoring Visit

Monitoring visits typically start with an entrance briefing involving the PO, the SEO Director, SEP Manager, and any other key staff supporting SEP. This allows the PO the opportunity to interact with grant-funded personnel and strengthen the working relationship.

At the entrance briefing, the PO reiterates the goals and objectives of the monitoring visit, gathers general information for the monitoring report, and discusses the goals of the state's programs. The PO also examines the state's organizational structure to learn the responsibilities of each staffer supported by the grant as well as changes in state management that could impact ongoing programs. During the entrance briefing, participants should schedule an exit conference at the close of the monitoring visit or within three working days by teleconference.

Monitoring visits typically last from one to three days. They comprise administrative, programmatic, and some financial subject areas. The administrative review evaluates the overall management systems as they relate to the SEP state plan. A separate financial monitoring instrument, entitled the Administrative Processes & Financial Management Monitoring Instrument, examines business operations and accounting practices for all sources and uses of funds.

See Administrative Processes & Financial Management: Monitoring Instrument in [Appendix H](#).

The financial review ensures that procurement, payroll, and contracting procedures meet state and federal requirements and have sufficient documentation. Also, the state's records of its financial, procurement, invoicing, and contracting must be properly maintained and accurate. If the PO finds or suspects systems that do not meet federal grant requirements, the PO should discuss these with the SEO Director as soon as possible, so a solution can be implemented.

The programmatic review evaluates the implementation of the approved plan, comparing actual accomplishments to milestones and the latest quarterly report. The PO reviews the program files, interviews project managers, and checks whether the state's desktop and on-site monitoring of its sub-recipients match the monitoring section of the State Plan. The PO reviews the state monitoring questionnaire and, if needed, accompanies state personnel to a sub-recipient visit.

Finally, the PO obtains copies of documents to support the conclusions and findings. With the exception of suspected waste, fraud, or abuse, the PO will discuss any observations, concerns, and/or findings with state personnel at an exit briefing. The PO will also discuss ideas and recommendations with state personnel and ask if there are procedures or processes on which DOE can improve.

Post-Visit Review

Within 30 days of the visit, the PO prepares a draft monitoring report containing the results of the on-site visit, including any commendations, concerns, and/or findings. The report is reviewed by the Branch Chief and transmitted to the state when final. DOE

endeavors to send complete monitoring reports to states 30 days of a monitoring visit, subject to a state’s provision on a timely basis of any follow-up requested information.

The state is required to address any findings with a Corrective Action Plan submitted to DOE within 30 days. The PO accepts or rejects the state’s response within 30 days. If the PO rejects the state’s response, further negotiations and correspondence are required. If the state fails to respond after the second notice, the PO sends another notice of the findings. If the state still does not respond or refuses to comply, DOE can consider initiating remedial actions. Once DOE accepts the state’s response, the PO sends the state a final letter of acceptance. After completing the post-visit review, the PO enters the final monitoring report into PAGE.

State Monitoring Efforts

Federal regulations require state grantees to monitor each project, program, sub-recipient, and function supported by federal funds to ensure compliance with federal reporting requirements and performance goals.

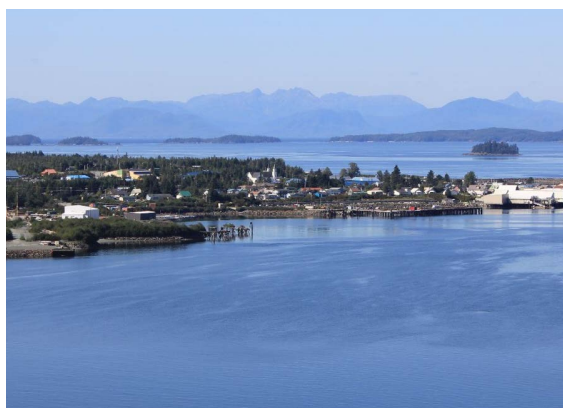
States should monitor their projects as they would monitor a sub-recipient’s project. They should assess program quality and increase program success and effectiveness. To monitor their projects, states can follow the same general monitoring procedures the POs use, including the checklists. States may skip over questions that do not apply but should concentrate on the questions that assess program quality.

Program Accomplishments: Sharing Success

Widespread dissemination of success stories is a key priority for SEP. It is important to ensure that key information about the nature and impact of SEP projects is accessible, reliable, and delivered through multiple communications channels to stakeholders and the public. When possible, success stories include quantitative and qualitative results. The best success stories demonstrate positive and lasting impact to a state or local community and include photos or other visual graphics to illustrate the impact of the project. Previously published SEP success stories can be found [here](#).

An SEP success story template for Project Officers and/or grantees can be found in [Appendix C](#).

Figure 3-9. Success Stories



OCTOBER 5, 2021

Keeping the Lights on in the Metlakatla Indian Community

The Alaska Energy Authority (AEA) recently supported efforts in the Metlakatla Indian Community to replace 61 outdoor lights with efficient light-emitting diode (LED) models, which prevented a planned shutdown of the lights due to reduced hydroelectric generation capacity and resulted in annual energy savings of about 25%.

Photo courtesy of Alaska Energy Authority.

JULY 9, 2021

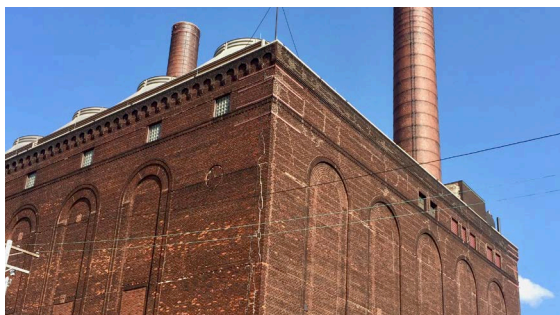
Pennsylvania Clean Energy Program Plan

A DOE formula grant helped Pennsylvania develop its first comprehensive Clean Energy Program plan.

Photo courtesy of NREL 09696.



Figure 3-9. Success Stories *continued*



JULY 1, 2021

Cleveland Thermal Energy Audit

EERE's State Energy Program assisted the Ohio Development Services Agency in helping Cleveland Thermal reduce heating and water costs by 20%, or about \$1,400,000 annually.

Photo courtesy of Warren LeMay.

MAY 26, 2021

Weathering the Storm: Supporting States and U.S. Territories During Hurricane Season

EERE supports a variety of programs and initiatives that help states prepare for such events.

Photo courtesy of iStock 900990526.



May 12, 2020

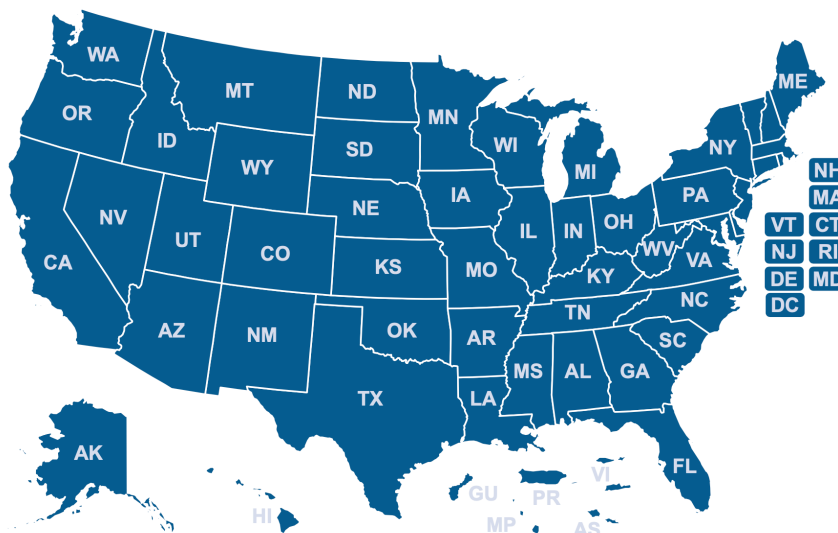
Expanding Efficiency in West Virginia's Industrial Sector

The West Virginia Division of Energy (WVDOE) used funding from the U.S. Department of Energy's State Energy Program (SEP) to provide energy assessments to the state's industrial facilities.

Photo courtesy WVU Manufacturing Extension Partnership, 2019.

Learn more about SEP-funded U.S. state and territory energy efficiency and renewable energy initiatives by using the interactive [WIP Project Map](#).

Figure 3-10. WIP Project Map



Chapter FOUR

Learn More About DOE's Technical Assistance Resources

Introduction

The U.S. Department of Energy's (DOE) State Energy Program (SEP) provides critical technical assistance to all 50 states, the U.S. territories, and the District of Columbia to maximize the benefits of energy efficiency and renewable energy throughout the nation. Over decades of work, SEP and its stakeholders have developed institutional knowledge on how to help state and local governments create new partnerships and connect with resources in the energy efficiency and renewable energy sector.

SEP works together with WIP's Partnerships and Technical Assistance Team (P&TA) to provide crosscutting technical assistance serving at the nexus of states, local governments, and K-12 school districts. SEP and P&TA work in partnership with our public-sector stakeholders to:

- Convene and create peer exchanges to showcase public-sector leadership and effective public-private partnerships.
- Develop tools and solutions to barriers facing states, local governments, and K-12 school districts.
- Provide information from leading technical experts.

The State and Local Solution Center

The [State and Local Solution Center](#) provides technical assistance resources to enable strategic investments in energy efficiency and renewable energy technologies through the use of innovative practices across the United States by a wide range of stakeholders, in partnership with state and local organizations and community-based nonprofits. To make solutions more accessible, the technical assistance resources on the State and Local Solution Center are organized around the stakeholder-identified barriers in each of the four Solution Pathways noted above. Visit the [Popular Tools and Resources webpage](#) to learn more.



The State and Local Solution Center features an annually updated resource guide, [Energy Efficiency and Renewable Energy Resources for State and Local Leaders](#), that compiles popular technical assistance resources and initiatives available to states, local governments, and K-12 school districts and highlights technical assistance offerings from other DOE offices, where to apply to DOE funding, and more.

The State and Local Solution Center features technical assistance resources for states, local governments, and K-12 school districts. These resources support SEP, the Weatherization Assistance Program, and other public sector stakeholders that include partners in the Better Buildings Initiative.

DOE's Technical Assistance Resources and Initiatives for States

■ Public Sector Technology Field Validation Project

DOE's SEP and Building Energy Technologies Office are continuing to partner in 2022 to test energy-saving building-sector technologies in partnership with state and local governments through the [Public Sector Technology Field Validation Project](#). This process is known as [field validation](#), an essential step in the research and development process. The cross-program goal is to:

- Install and validate DOE-supported energy efficiency technologies in state and local public buildings.
- Provide technical assistance (e.g., modeling, data collection, installation) to energy staff and building managers to support new fields tests that will inform broader adoption of successfully validated technologies.
- Establish a standing network of state and local governments to scale deployment of commercially available but underutilized technologies necessary to meet state and local decarbonization goals.



Photo courtesy of iStock 462719389.



Photo courtesy of iStock 1280093465.

■ Sustainable Wastewater Infrastructure of the Future (SWIFT) Initiative

Nationally, the energy used by water utilities accounts for 35% of typical U.S. municipal energy budgets, which equates to about \$2 billion in annual electric costs. Wastewater facilities can often achieve a 20% to 30% reduction in energy use through energy efficiency upgrades and operational measures. The Better Buildings [Sustainable Wastewater Infrastructure of the Future \(SWIFT\) Initiative](#) works with water resource recovery facilities (WRRFs) to accelerate a pathway toward sustainable infrastructure. The second phase of SWIFT kicked off in October 2020, with a goal to engage 300 WRRFs in a voluntary partnership to achieve 5% short-term and 25% long-term facility-wide

energy savings and implement at least one next-generation technology, such as renewable energy, resource recovery, or advanced data management. As of October 2021, SWIFT has 62 signatory partners that represent over 132 wastewater facilities across 33 states.

SWIFT originally began as a three-year partnership (2016–2019) of 25 state, regional, and local agencies that engaged more than 70 water resource recovery facilities. DOE developed the [Wastewater Energy Management Toolkit](#) to highlight the tools and resources that helped these facilities cumulatively achieve almost 7% (131 million kWh) in energy savings and put plans in place for 30% long-term energy savings.

■ Sustainable Corrections Infrastructure Partnership (SCIP) Accelerator

Correctional facilities cost taxpayers an estimated \$63.4 billion per year and states pay \$432,000 on average annual energy costs per facility. The Better Buildings **Sustainable Corrections Infrastructure Partnership (SCIP) Accelerator** is partnering over three years with state, local, and federal agencies to strive for portfolio-wide energy savings of 20%. As of October 2021, SCIP has 15 state partners that represent almost 30% of state correctional facilities across the United States. Accelerator partners will demonstrate solutions leveraging energy and water efficiency, renewable energy, and storage technologies to reduce operating and maintenance costs in public correctional facilities while maintaining facility security and resilience and developing the workforce and economies of surrounding communities.

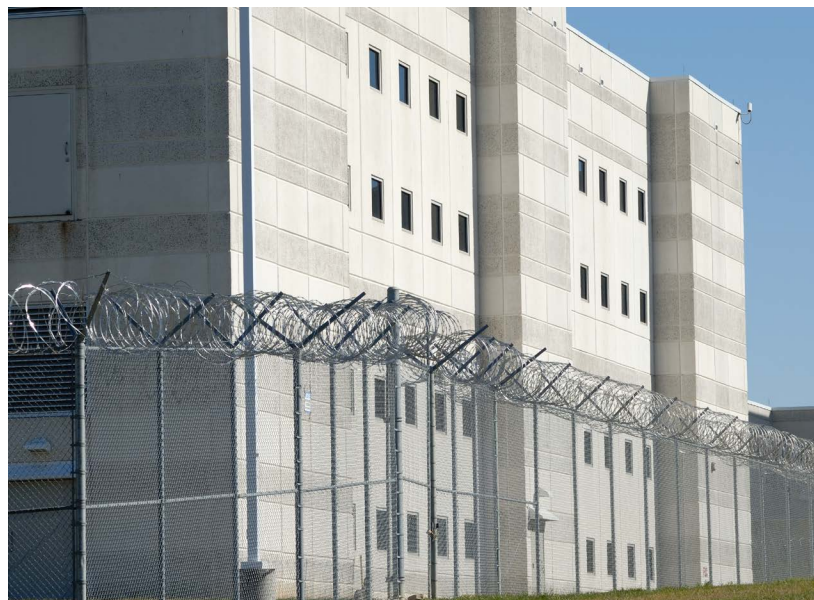


Photo courtesy of iStock 123166440.



Photo courtesy of iStock 1344608722.

■ Technology Action Groups

Technology Action Groups (TAGs) are a new pilot initiative within SEP to facilitate collaboration among states and DOE to support state efforts in two topic areas: onsite energy systems at critical facilities and Main Street revitalization. Participation in the TAGs is voluntary and will allow states to coordinate their efforts and receive technical assistance from DOE. Specific technologies explored by the TAGs are determined by the participating states' interests. The onsite energy storage at critical facilities TAG is designed to examine a wide range of storage technologies, as well as technologies to enhance energy efficiency in facilities. The Main Street revitalization TAG covers energy efficiency and renewable energy technologies that can be deployed in commercial buildings. A requirement of the TAG model is that states dedicate a portion of their formula funds to work in the area of the TAG, and SEP is allowing states the flexibility to determine what activities to pursue in the TAG area. States may choose to fund technology

deployment programs or staff time to develop plans for future technology deployment programs. SEP will encourage states to make actionable plans for progress in the TAG topic areas. Future TAG topics will be determined in collaboration with states.

■ Workforce Development Initiative

SEP is working on a project to advance workforce development at the state level by investigating workforce development activities in which states are currently engaged and identifying best practices and gaps. SEP is also developing regional baselines for energy efficiency and renewable energy jobs and forecasting the landscape for those jobs over the next five to ten years. In addition, SEP is holding peer exchange discussions with the states and plans to use research and data to consider launching an initiative with states to further advance workforce development programs.

■ Guides and Resources

Building Your Energy Team Resources

The [Building Your Energy Team](#) webpage shares resources to assist states, local governments, and K-12 schools in building their energy teams, including position description templates, national programs that support public-sector energy teams, and case studies that highlight how public-sector organizations leveraged these programs to support their energy teams.

Energy Data Management Guide

The [Energy Data Management Guide](#) is an interactive, online platform that provides states, local governments, and K-12 school districts with a step-by-step approach to establish a robust and sustainable energy data management program that can sustain energy savings of 2% a year.

Federal Resilience Resources for State Energy Offices

The [Federal Resilience Resources for State Energy Offices](#) handout details federally funded and publicly available qualitative and quantitative resources that support energy resilience and disaster mitigation planning. This handout is accompanied by the downloadable [Resilience Valuation Tools Table](#) that offers more detailed specifications on each quantitative tool.

■ Toolkits

The Clean Energy for Low-Income Communities Accelerator (CELICA) Toolkit

The [CELICA Toolkit](#) provides an overview of tools, resources, and models for developing low-income energy efficiency and renewable energy programs based on work in CELICA. This toolkit provides materials to help program administrators reduce energy burden for low-income communities by enhancing and expanding upon work funded through utility, state, or federal programs. These materials are the product of CELICA's two-year partnership with over 30 stakeholders from the public, private, and nonprofit sectors and does not provide DOE-funded program guidance.

Commercial Property Assessed Clean Energy (C-PACE) Toolkit

The C-PACE Toolkit includes resources and best practices state and local governments can use to navigate barriers and benefit from C-PACE financing. Developed to meet the needs of state and local partners in DOE's [C-PACE Working Group](#), which achieved \$70 million in C-PACE-financed investments and building upgrades in three years, the C-PACE Toolkit can inform decision points that follow state enabling C-PACE legislation, including program design and implementation, coordination with local governments, and applying C-PACE to a range of public objectives such as supporting underserved small businesses and resilience.



eProject eXpress (ePX)

[eProject eXpress \(ePX\)](#) provides a streamlined, tailored pathway for state and local governments to document, track, and demonstrate the ongoing value of their energy savings performance contracting (ESPC) projects and programs. Leveraging the established eProject Builder platform—an online energy project data management system that has transformed how ESPC projects and programs are developed, tracked, and reported—ePX unlocks new capabilities to meet the unique data management and reporting needs of the municipal and state governments, universities and colleges, schools, and hospitals market.

Energy Savings Performance Contracting (ESPC) Toolkit

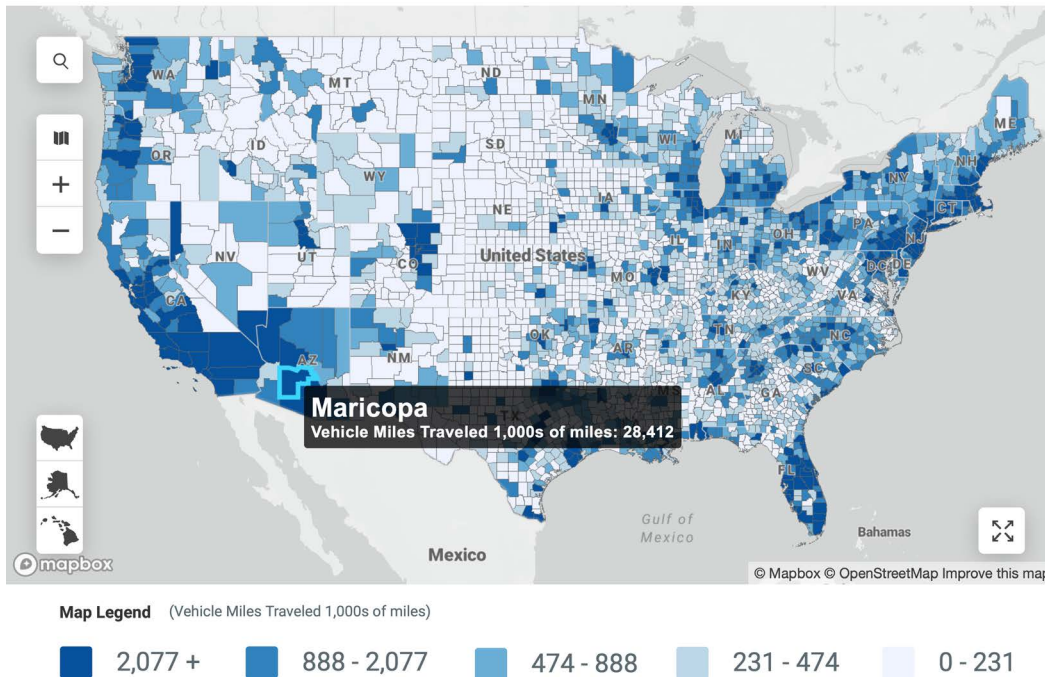
The [ESPC Toolkit](#) is a collection of resources that can enable state and local communities to learn and benefit from the work of the ESPC Accelerator that catalyzed public-sector energy efficiency investments of \$2.1 billion. The ESPC Toolkit includes the best practices and innovative approaches that states, cities, and K-12 schools have used to successfully establish and implement performance contracting. Resources are grouped so that potential users of the mechanism can easily find the information they need at each stage of their ESPC decision-making process.

Low-Income Energy Affordability Data (LEAD) Tool

The **LEAD Tool** is a web-based tool that allows states, communities, tribal governments, and other stakeholders to better understand energy burden and housing characteristics across household income levels. Using data, maps, and graphs from the LEAD Tool, stakeholders can make data-driven decisions when planning for their energy goals.

State and Local Planning for Energy (SLOPE) Platform

Personally Owned Light Duty Vehicle Miles Traveled - High Electrification Scenario



The **State and Local Planning for Energy (SLOPE) Platform** integrates and delivers data on energy efficiency, renewable energy, and sustainable transportation into an easy-to-access online platform to enable data-driven state and local energy planning. SLOPE also includes functionality that can model and visualize projected energy consumption, CO2 emissions, and system costs of various energy scenarios. SLOPE is a collaboration between nine DOE offices and the National Renewable Energy Laboratory (NREL) designed to support state and local governments and other key energy planning stakeholders in building a 100% clean energy economy.

■ Technical Assistance Provided by Stakeholder Organizations

Through a cooperative agreement, DOE provides financial support to the National Association of State Energy Officials. The primary objective is to develop technical assistance resources, analyses, and communications and coordination between DOE and the states, focusing on specific energy efficiency and renewable energy resources.

National Association of State Energy Officials (NASEO)



The **National Association of State Energy Officials (NASEO)** is the only national nonprofit association for the governor-designated energy officials from each of the 56 states and territories. Formed by the states in 1986, NASEO facilitates peer learning among state energy officials, serves as a resource for and about State Energy Offices, and advocates the interests of the State Energy Offices to Congress and federal agencies. NASEO hosts national and regional **meetings** throughout the year.

and demographic information related to the grantee, detailed budget information, description of grantee program management, and a programmatic description of the activities that will be performed during the grant period.

Appendices

Appendix A: State Energy Program Fact Sheet

Appendix B: PVE Funds At-a-Glance and Funding Overview

Appendix C: SEP Success Story Template

Appendix D: SEP Annual Summary Template

Appendix E: SEP Calendar At-a-Glance

Appendix F: SEP On-Site Monitoring Instrument

Appendix G: Virtual Monitoring Instrument

Appendix H: SEP Administrative Processes & Financial
Management: Monitoring Instrument

Appendix A:

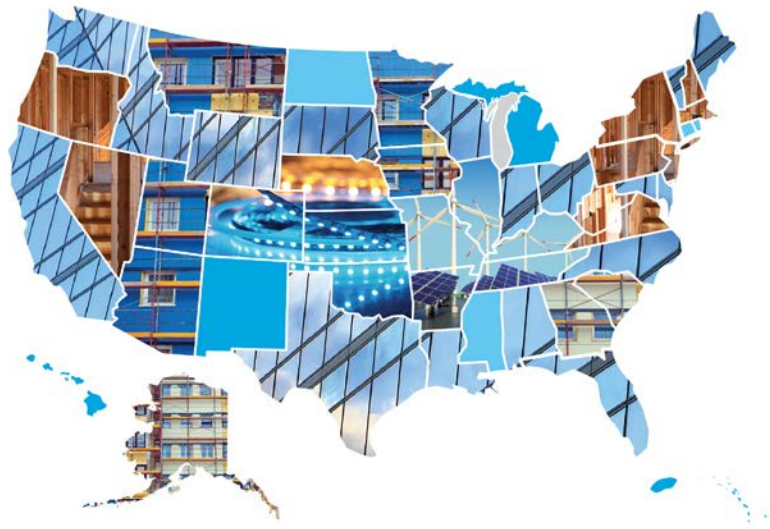
State Energy Program Fact Sheet

State Energy Program

Overview

The **State Energy Program (SEP)**, part of the U.S. Department of Energy's **Office of Energy Efficiency and Renewable Energy (EERE)**, provides funding and technical assistance to states, territories, and the District of Columbia to enhance energy security, advance state-led energy initiatives, and increase energy affordability. It contributes to EERE's vision for a strong and prosperous America powered by clean, affordable, and secure energy. SEP is part of the **Weatherization and Intergovernmental Programs Office**, whose mission is to enable strategic investments in energy efficiency and renewable energy technologies through the use of innovative practices and partnerships. SEP emphasizes the state's role as the decision maker and administrator for program activities within the state that are tailored to their unique resources, delivery capacity, and energy goals.

States use SEP funds to address implementation and financing barriers to enable accelerated deployment of replicable, cost-effective, energy efficiency and renewable energy technologies.



Funding

State Energy Offices (SEOs) play a vital role in establishing plans and strategies to achieve state-led energy goals and priorities. Since 2017, SEP has provided more than \$203 million to State Energy Office activities that result in reduced energy costs, increased economic competitiveness, and coordinated energy-related emergency preparedness and response.

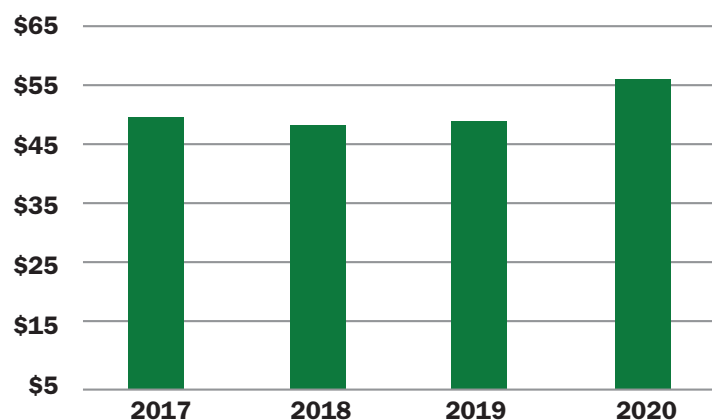
Program Outcomes and Benefits: FY17-FY20¹

Since 2017, SEOs across the United States have:

- Implemented energy security, resiliency, and emergency preparedness plans;
- Developed state-led strategic energy initiatives;
- Invested in the expanded use of energy resources abundant in individual states and territories;
- Facilitated upgrades of energy efficiency in more than 24,000 buildings (91 million square feet);
- Facilitated installation of more than 34,000 renewable energy systems;
- Supported education and training of more than 1.4 million people to perform energy audits and upgrades;
- Piloted innovative energy projects within the private sector, K-12 schools, and universities;
- Executed numerous energy savings performance contracts to undertake retrofit projects in public facilities; and
- Developed implementation models that serve as “how-to” guides for other states who wish to replicate programs that are achieving energy efficiency savings.

¹ Data reported through May 2020

SEP Funding History (2017–2020)



SEP competitive awards in the amount of \$5 million from Fiscal Year 2017 were awarded to applicants under three areas of interest:

1. State Energy Planning
2. Opportunities for Innovative Energy Efficiency and Renewable Energy Programs (topic areas include financing; benchmarking and disclosure; resilience; working with local governments; and evaluation, measurement, and verification)
3. Technical Assistance to Advance SEP Formula Grant Clean Energy Activities.

Examples of SEP-Funded, State-Led Work:

- **Hawaii** and partners developed HAVEN, a data visualization tool that can demonstrate policy choices and trade-offs necessary for energy system transformation in the state. HAVEN has been demonstrated at events around the country, including the National Association of State Energy Offices Energy Policy Outlook Conference in February 2019.
- **Illinois** is using SEP formula funds to conduct comprehensive energy audits at wastewater treatment facilities. The audits identify the energy, cost, and emissions savings associated with recommended process or equipment modifications. Formula dollars are also used to fund energy efficiency upgrades identified by the energy audits. Fifty-seven audits have been conducted, and four projects totaling over \$2,000,000 have been funded.
- **Kentucky's** Office of Energy Policy provided a no-cost learning opportunity to emergency planning committees, local governments, and regional planners to improve energy resilience, planning, and response through a four-part webinar series entitled the Kentucky Energy Assurance Tool Kit. The Tool Kit serves as both a repository for the essential elements needed to develop and institutionalize an energy assurance plan for a community or organization and a structured process to build a team, develop and acquire the required information, and exercise the plan. The Tool Kit includes practical assessments and development tools that will integrate into existing local planning agency practices.
- **Ohio's** Energy Efficiency Program for Manufacturing provides Ohio manufacturers with tools to drive a sustainable energy management program. This program helps Ohio companies reduce costs through lasting energy savings achieved in their manufacturing processes and improve the competitive position of program participants, relative to their worldwide market competitors. The program resulted in 332.8 kilowatt-hours of energy savings between October 1, 2016 and September 30, 2019.



- **Rhode Island**, along with other state and National Lab partners, utilized SEP competitive funds to create Energy Metrics to Promote Residential Energy Scorecards in States (EMPRESS). EMPRESS is designed to encourage the use of home energy label policies or programs, which can better support the market valuation of energy-efficient homes.
- **Texas** uses SEP funding to support its Clean Energy Incubators at universities in the state. This is an effort to improve the commercialization and development of clean energy technology companies statewide. In 2018, Texas estimated that its Texas A&M Engineering Experiment Station Clean Energy Incubator increased gross state product by \$2,200,000 and created 119 jobs, and its University of Texas at Austin Clean Energy Incubator increased gross state product by \$26,200,000 and created 1,895 jobs.
- **Utah** uses SEP formula funds to pay for science, technology, engineering, and mathematics (STEM) outreach. Grant funds support the Utah Power and Energy Career Expo and assist teachers with energy literacy and classroom activities. ■



U.S. DEPARTMENT OF
ENERGY

Office of
**ENERGY EFFICIENCY &
RENEWABLE ENERGY**

For more information, visit: energy.gov/eere/wipo/state-energy-program

DOE/EE-2121 • January 2021

Appendix B:

PVE Funds At-a-Glance and Funding Overview

Table 1. PVE Funding History At-a-Glance

Funding Distribution	Chevron	Warner Amendment	Exxon	Stripper Well	Diamond Shamrock
	\$25 million, 1981	\$200 million, 1983	\$2.1 billion, 1986	\$1.5 billion, 1986	\$48.6 million, 1986
Allowable Uses	Ride-sharing, public transportation, building energy audits, grants or loans for weatherization and energy conservation equipment installation, energy assistance programs, highway and bridge maintenance and repair, airport maintenance and improvement, reduction in airport user fees, energy conservation research.	SECP, EES, Weatherization Assistance Program, Institutional Conservation Program, Low-Income Home Energy Assistance Program Block Grant. No administrative expenses.	Same programs as Warner Amendment. No administrative expenses.	Same programs as Warner Amendment and Chevron settlement or any program approved by DOE SEP. Up to 5% for administrative expenses. Can be used as nonfederal match for Federal grant funds.	Same as Stripper Well. Any amount, up to entire refund, for administrative expenses not to exceed 5% of states total PVE receipts. Can be used as non-federal match for Federal grant funds.
Regulations / Reporting Requirements*		All regulations and reporting requirements for the applicable Federal programs apply. Funds cannot be spent outside the grant programs.	Same as Warner Amendment. State required to submit annual report to DOE and the Court 30 days after close of State's fiscal year. Funds cannot be spent outside the grant programs.	If State puts funds into Federal program, all regulations and reporting requirements apply. State required to submit annual report to DOE and the Court 30 days after close of State's fiscal year. For funds spent outside the grant programs: States send proposals to DOE Headquarters and the Court. Headquarters committee reviews State proposals for consistency with settlement agreement. DOE notifies State whether proposal is consistent.	Same as Stripper Well. For funds spent outside the grant programs; States are not required to notify DOE before spending funds.

Approval Process: SEP must approve all PVE funds put into the State Plans, regardless of source, as part of the State Plan for the applicable program.

* States may file one annual report to DOE and the court covering Exxon, Stripper Well, and Diamond Shamrock funds.

Appendix B: PVE Funding History

Petroleum Violation Escrow Funds

Beginning in 1983, additional funds became available to the States as a result of alleged oil company violations of the Federal oil pricing controls in place from 1973 to 1981. These funds are known as Petroleum Violation Escrow (PVE) funds or oil-overcharge funds.

PVE funds must be used to provide indirect restitution to energy consumers through a variety of energy-related programs. Each State determines how it wishes to allocate the funds across eligible programs. The States may use these funds and the interest earned on them to finance SEP activities. PVE funds allocated to the SEP are treated as appropriated funds and are subject to program requirements. They are not, however, subject to the cost-sharing requirement or the 20% limitation on equipment purchases under SEP.

PVE funds became available to the States through several mechanisms:

- Settlements (for example, Chevron, Diamond Shamrock, and Stripper Well).
- Legislation (the Warner Amendment).
- Other court actions (Exxon).

Chevron Settlement

The first major case, involving the Standard Oil Company of California (Chevron), was settled in the fall of 1981. This case is important for two reasons. The *Chevron Consent Order* was the first major settlement to use the method of indirect restitution that would be used in the other major cases to follow. Also, the *Chevron Consent Order* specified nine general categories of allowed expenditures that were related to energy use. These categories were:

- Ride-sharing.
- Public transportation.
- Building energy audits.
- Grants or loans for weatherization and energy conservation equipment installation.

- Energy assistance programs.
- Highway and bridge maintenance and repair.
- Airport maintenance and improvement.
- Reduction in airport user fees.
- Energy conservation research.

Under the *Chevron Consent Order*, the States received approximately \$25 million, according to a formula based on the estimated volume of the product sold by Chevron within each State during the period of the price controls.

Warner Amendment

In 1983, the *Warner Amendment to the Further Continuing Appropriations Act* (P.L. 95-105) affected a one-time appropriation of \$200 million. The Federal government distributed these PVE funds to the States using a formula based on the estimated volume of covered oil product sold within the State during the period of price controls. The *Warner Amendment* required these funds be used by the States "as if received" under one or more of the following five Federal energy programs:

- State Energy Conservation Program (SECP).
- Energy Extension Service (EES).
- The Institutional Conservation Program (ICP).
- The Weatherization Assistance Program (WAP).
- The Low-Income Energy Assistance Block Grant (administered by the Department of Health and Human Services).

The *Warner Amendment* directed that States cannot use funds for administrative purposes.

DOE issued *Ruling 1983-1* in February 1984 to outline the procedures for implementing the *Warner Amendment*. Among other things, *Ruling 1983-1* established that, once a State allocated *Warner Amendment* funds to a program, all the rules, regulations, and reporting procedures governing that program would apply. The one exception, however, is that State matching requirements for SECP and EES were waived for the PVE funds.

The Exxon Case

A U.S. District Court decision in 1983 found Exxon Corporation liable for overcharges on domestic crude oil. In March 1986, after several years of litigation, the decision of the District Court was upheld, and the Exxon case was settled. The court directed the Exxon Corporation to pay DOE \$2.1 billion, which was disbursed to the states under a formula similar to the one used in the *Warner Amendment* case. The Exxon court order adopted the terms specified in the *Warner Amendment* and directed States to use these funds in any or all of the five programs previously listed. No funds were to be used for administrative expenses. The court stated DOE *Ruling 1983-1* also applied to the use of Exxon funds and States should file an annual report with DOE and the court describing how the funds had been used during the course of the year.

Stripper Well Agreement

In July 1986, the U.S. District Court in Kansas issued its *Opinion and Order Approving Multidistrict Litigation (MDL) 378*, the *Stripper Well Agreement*. DOE, the States, petroleum refiners and resellers, and others involved with the issue agreed to the settlement, which covered 42 separate oil-overcharge cases. With a few specific exceptions, the agreement provided terms and conditions for all future crude oil overcharge cases.

The *Stripper Well Agreement* broadened the scope of activities eligible for funding beyond the *Warner Amendment*. (Particular restrictions based on the circumstances of each case may apply.) The agreement allows the States a much greater degree of flexibility in how the funds can be used. Stripper Well funds can be used in:

- Any program that falls into the nine major categories listed in the *Chevron Consent Order*.
- Any of the five Federal programs listed in the *Warner Amendment*.
- Any program approved by DOE.

The agreement does require the States to notify DOE and the court 30 days before any money is spent and to file an annual report with DOE and the court describing how the funds were used during the year. The agreement also allows States to use up to 5% of the funds for administrative costs.

On March 6, 1987, DOE's Economic Regulatory Administration issued a memorandum outlining DOE's opinion that PVE funds received under the terms of the *Stripper Well Agreement* are not considered Federal funds. States can use PVE funds as "nonfederal" match for Federal grant funds.

Diamond Shamrock

In 1986, the Diamond Shamrock case was also settled, sending \$48.6 million to the States. The provisions of the *Diamond Shamrock* settlement regarding allowable use of the funds are nearly identical to the *Stripper Well Agreement*. One significant difference is that States can use any amount, up to their entire Diamond Shamrock refund, for administrative expenses, as long as that amount does not exceed 5% of the State's total PVE receipts. Diamond Shamrock funds can also be used by the States as a "nonfederal" match for Federal grant funds.

Appendix C:

SEP Success Story Template

State Energy Program

Success Story Template

SEP Funding Mechanism: *(e.g. formula, competitive)*

Project Officer/SEO POC:

Total SEP Investment:

Period of Performance: *(or project timeframe)*

Location: *(primary location where the work took place)*

Project/Grantee Goals:

Impact in 1-2 Sentences: *(e.g. energy/energy-cost savings, economic impact, widespread adoption of new technology or best practice, etc.)*

Quote? *(did you obtain a quote from the project partner? Please ensure use of the quote is approved by partner before providing it here)*

Photos *(for any photos included, please include a description of what is happening in the image, including names of people, technologies, brands, etc.)*

Success Story Summary (Alternative to Template):

If templates and forms are not your thing, feel free to provide a brief summary (4-6 sentences) describing the project with all the key elements above included.

Example:

"In 2013, Massachusetts invested SEP competitive funding in the Schools and Public Housing Integrating Renewables and Efficiency, "SAPHIRE," program for school districts across the state. The program provides educational opportunities, delivers energy cost savings, and grows a local market for renewable heating. The program reaches regional public schools that typically rely on expensive heating oil, propane, and electric heat for their heating systems. Prior to the upgrade, the district purchased an average of 55,000 gallons of heating oil annually, costing approximately \$200,000. The new system cuts out the cost of purchasing heating oil and will yield an estimated \$46,000 in energy savings per year while also reducing carbon emissions."

Appendix D:

SEP Annual Summary Template

STATE ENERGY PROGRAM
ANNUAL FORMULA GRANT SUMMARY TEMPLATE
PY2017

This EERE template is provided for your convenience. Although the use of this template is not required, the data elements within the template are.

Please keep answers concise yet complete. There is no page requirement.

Note this template was updated January, 2017.

Please see below for an example Annual Summary.

Please complete the following sections:

SECTION 1:

STATE:

STATE ENERGY ORGANIZATION:

GRANT NUMBER:

SECTION 2:

TOTAL GRANT AMOUNT FOR PY17: Please provide both the grant amount and the state match.

TOTAL ROLLOVER GRANT FUNDS FOR PY17: If applicable, please provide the amount of funds from previous grant years that you will be using during this program year.

TOTAL LEVERAGED FUNDS AMOUNT FOR PY17: If applicable.

DESCRIPTION OF UNSPENT FUNDS: If applicable.

SECTION 3:

FILL OUT THE BELOW TEMPLATE FOR **EACH** ACTIVITY THAT HAD A HIGH-IMPACT OR EXCEPTIONALLY INNOVATIVE ACCOMPLISHMENT*

These activities should have quantifiable energy savings. Examples include transportation, retrofits, audit programs (that resulted in energy savings), financial assistance programs, etc.

MARKET TITLE:

ACTIVITY:

GRANT FUNDS USED: Please note amount used for the above activity.

LEVERAGED FUNDS USED: If applicable, please note the amount used and funding source for the above activity.

Appendix D – Annual Summary Template

DESCRIPTION OF ACTIVITY ACCOMPLISHMENT(S): Please describe the high-impact or exceptionally innovative accomplishment(s) from the activity listed above. Only note those accomplishments associated with PY17.

ASSOCIATED QUANTITATIVE AND/OR QUALITATIVE ENERGY SAVINGS METRICS (IF AVAILABLE):

Please summarize the resulting energy savings metrics from the activity listed above. Only note those energy savings associated with PY17.

SIGNIFICANT BARRIER AND SOLUTION TO ACTIVITY: If applicable, please describe instances where a significant barrier was identified and the solution used to overcome the barrier.

LESSONS LEARNED: Please note any lessons learned from completing this activity.

*Re-use this section of the template for each high-impact or exceptionally innovative activity.

SECTION 4:

FILL OUT THE BELOW TEMPLATE FOR EACH SIGNIFICANT LEGISLATIVE ACTION/POLICY IMPLEMENTATION ATTRIBUTED TO FORMULA FUNDS**

These policies and legislative actions should result in energy savings. Examples include updates to energy codes, creation of energy related orders/bills/laws, creation of state goals/energy strategies, etc.

MARKET TITLE:

GRANT FUNDS USED: Please note the amount used to help enact the legislative action or policy described below and, if possible, what the funds were used for.

LEVERAGED FUNDS USED: If applicable, please note the amount used to help enact the legislative action or policy described below, source of funding, and, if possible, what the funds were used for.

DESCRIPTION OF LEGISLATIVE ACTION OR POLICY: Please describe the legislative action or policy enacted due, at least in part, to formula funds. Please be specific on the role the formula funds played in implementation.

IMPACT OF LEGISLATIVE ACTION OR POLICY: If available, please describe the impact of the legislative action or policy enacted.

**Re-use this section of the template for each legislative action or policy implementation.

SECTION 5:

RECOMMENDATION TO THE FORMULA GRANT PROCESS: Please share any recommendations you have for DOE to improve the formula grant process or ways to improve SEP as a whole.

OTHER COMMENTS: Please provide any additional comments or feedback.

Example Annual Summary

STATE ENERGY PROGRAM
ANNUAL FORMULA GRANT SUMMARY
PY2017

SECTION 1:

STATE: Wonderland

STATE ENERGY ORGANIZATION: Wonderland Energy Office (WEO)

GRANT NUMBER: EE000000

SECTION 2:

TOTAL GRANT AMOUNT FOR PY17: \$300,000 grant + \$30,000 state match = \$330,000

TOTAL ROLLOVER GRANT FUNDS FOR PY17: None

TOTAL LEVERAGED FUNDS AMOUNT PY17: \$500,000

DESCRIPTION OF UNSPENT FUNDS: All funds were spent.

SECTION 3:

HIGH-IMPACT OR EXCEPTIONALLY INNOVATIVE ACCOMPLISHMENT

MARKET TITLE: Buildings

ACTIVITY: Residential Retrofit Program

GRANT FUNDS USED: \$10,000

LEVERAGED FUNDS USED: \$5,000 from EXXON PVE funds.

DESCRIPTION OF ACTIVITY ACCOMPLISHMENT(S): Contracted with RetroCompany to perform audits and retrofits on 33 residential homes. EE modifications included shell improvements, switch to high efficiency lightbulbs, HVAC updates, and more efficient water heating systems.

ASSOCIATED QUANTITATIVE AND/OR QUALITATIVE ENERGY SAVINGS METRICS (IF AVAILABLE):
Program retrofitted 79,200 square feet. It is estimated that these retrofits will save 20%, or 2,162 kWh per home annually. Savings from PY2017 are 71,346 kWh (33 homes X 2,162 savings).

SIGNIFICANT BARRIER AND SOLUTION TO ACTIVITY: Barrier: RetroCompany was asking to charge amounts above what could be provided. Solution: WEO was able to negotiate a price, but couldn't provide retrofits to as many homes as it originally had wanted.

LESSONS LEARNED: Make sure to ask for a price estimate before setting goals, and be sure to shop around to get the best price.

SECTION 3:

HIGH-IMPACT OR EXCEPTIONALLY INNOVATIVE ACCOMPLISHMENT
<p>MARKET TITLE: Transportation</p> <p>ACTIVITY: EV Station Installation</p> <p>GRANT FUNDS USED: \$50,000</p> <p>LEVERAGED FUNDS USED: None</p> <p>DESCRIPTION OF ACTIVITY ACCOMPLISHMENT/S: Installed 35 EV charging stations along highway 55. Each charging station records number of times used and length of charge.</p> <p>ASSOCIATED QUANTITATIVE AND/OR QUALITATIVE ENERGY SAVINGS METRICS (IF AVAILABLE): Each station has, on average, shown 62 charges during PY17 operation (August 2017-June 2018). The average charging time was recorded at 43 minutes, with an average of 3 kWh used per charge. In total, these stations have used 6,510 kWh and have saved 868 gallons of gasoline.</p> <p>SIGNIFICANT BARRIER AND SOLUTION TO ACTIVITY: Barrier: Disagreement over where the stations should be located. Solution: WEO released a survey for EV owners to vote on locations.</p> <p>LESSONS LEARNED: Be aware that some charging stations are not compatible with all EVs.</p>

SECTION 4:

SIGNIFICANT LEGISLATIVE ACTION/POLICY IMPLEMENTATION
<p>MARKET TITLE: State Energy Policy</p> <p>GRANT FUNDS USED: \$15,000 spent on staff time (approximate hours X salaries).</p> <p>LEVERAGED FUNDS USED: Not Applicable</p> <p>DESCRIPTION OF LEGISLATIVE ACTION OR POLICY: WEO developed and released a 10-year energy strategy of which requires a 20% reduction in state building energy use by 2027. Funds paid for WEO staff time to develop and release the plan.</p> <p>IMPACT OF LEGISLATIVE ACTION OR POLICY: Once complete, a 20% reduction is estimated to save 50.8 kBtu/sq.ft. annually (from a baseline of 204 kBtu/sq.ft. to a goal of 163.2 kBtu/sq.ft.).</p>

SECTION 5:

<p>RECOMMENDATION TO THE FORMULA GRANT PROCESS: None at this time.</p> <p>OTHER COMMENTS: None at this time.</p>
--

Appendix E:

SEP Calendar At-a-Glance

(See Reports
List Below)

SEP Calendar At-a-Glance

(* Timing Subject
To Change)

January	Quarterly Reports Due 1/30 QPR, FFR, FPR (if applicable)	SEP Competitive Funding Opportunity Announcement (FOA) Released *
February		NASEO Winter Meeting
		Formula Grant Guidance and ALRD Released *
March	Final Report / Close-Out Info **	Annual Indirect Cost Proposal Due 3/31 for 10/1 States (If DOE is Cognizant)
	SEP Competitive FOA Proposals Due *	
April	Quarterly Reports Due 4/30 QPR, FFR, FPR (if applicable)	Formula Grant Proposals Due 4/30 from July 1 States *
		Davis Bacon Report Due 4/25 (SEP ARRA funds only)
May		Formula Grant Proposals Due 5/30 from States with Oct 1 - Sept 30 Fiscal Years*
		Formula Grant Proposals Negotiated and Awarded for States with July 1 - June 30 Fiscal Years
June	Final Report / Close-Out Info **	Formula Grant Proposals Negotiated and Awarded for TX and States with Oct 1 - Sept 30 Fiscal Years
July	Quarterly Reports Due 7/30 QPR, FFR, FPR (if applicable)	Annual PVE Report Due 7/30 for 7/1 States
August		SEP Competitive FOA Awards Announced *
September	Annual Historic Preservation (NHPA) Reports Due 9/15	Final Report / Close-Out Info **
		NASEO Annual Conference
		Annual Summary Report Due 9/30 for the 7/1 States
October	Quarterly Reports Due 10/30 QPR, FFR, FPR (if applicable)	Davis Bacon Reports Due 9/25 (SEP ARRA funds only)
		Annual PVE Report Due 10/30 for 10/1 States
November		
December	Final Report / Close-Out Info **	Notice of Intent Published for next SEP Competitive FOA *
	Annual Summary Report Due 12/30 for 10/1 States	Annual Indirect Cost Due for 7/1 States (if DOE Cognizant)

Reports Reference

Program/Quarterly Progress Reports (QPR): Required quarterly within 30 days of end of quarter and within 90 days after the expiration or termination of award (submit through PAGE).

Federal Financial Report (FFR/SF-425): Required quarterly within 30 days of end of quarter and within 90 days after the expiration or termination of award (submit through PAGE).

ARRA-funded Financial Programs Report (FPR): (applicable to Grantees with ARRA-funded financing programs): Required quarterly (submit through PAGE).

Annual Indirect Cost Proposal: If DOE is recipient's cognizant agency, required annually 180 days after fiscal year end. Submit in PAGE document library and to Project Officer.

Historic Preservation (NHPA): Required annually on 9/15 for the 9/1 – 8/31 period (submit in PAGE).

Davis Bacon(ARRA funds only): Required semi-annually for the 10/1 – 3/31 and 4/1 – 9/30 periods, within 25 days of end of period. See Wage Rate Requirements term in Appendix A of Annual award terms and conditions.

Closeout Reporting (SF-428 and 428B Final Property Report): Required 90 days after the expiration or termination of award (Submitted to DOE PO).

Annual Summary Report: Due 90 days after the end of each grant budget period.

Special Status Reports: Required only as needed, see Grant Reporting Requirements Checklist.

Final Reports and Close-Out Information (Annual Formula and Competitive): Final Reports and Close-out information are due 90 days after the end of each grant project period—typically at the end of a calendar quarter.

State Energy Program

SEP Formula On-site Monitoring Instrument

STATE NAME

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SITE VISIT SUMMARY

Grantee (State): _____ **Date of Visit:** _____

Contact Person: _____ **Position Title:** _____

Telephone Number: _____

DOE Project Officer: _____

Other Staff in attendance with titles: _____

Comments:

I. REPORTING OVERVIEW¹

Quarterly Performance Reports (QPR): Required quarterly within 30 days of the end of quarter and within 90 days after the expiration or termination of award (submit through PAGE)

Federal Financial Reporting (FFR or SF-425): Required quarterly within 30 days of the end of quarter and within 90 days after the expiration or termination of award (submit through PAGE).

Financial Programs Report (FPR): (applicable to Grantees with ARRA-funded programs): Required quarterly (submit through PAGE).

Annual Indirect Cost Proposal: If DOE is recipient's cognizant agency, required annually 180 days after fiscal year end. If EERE is the Cognizant Federal Agency, the Annual Incurred Cost Proposal is sent to CostPrice@ee.doe.gov. If not, it is sent to Cognizant Federal Agency.

Historical Preservation: Required annually on 9/15 for the 9/1 to 8/31 period (submit in PAGE).

Davis Bacon (ARRA funds only): Required semi-annually for the 10/1 – 3/31 and 4/1 – 9/30 periods, within 25 days of end of period.

Closeout Reporting: (SF-428 and 428B Final Property Report): Required 90 days after the expiration or termination of award (Submitted to DOE PO).

Annual Summary Report: Due 90 days after the end of each grant budget period. It should be sent to the Project Office and uploaded to the PAGE document library.

¹ Additional information pertaining to each of the required reports may be obtained from the Grantee's Federal Assistance Reporting Checklist (FARC), which should be available in FedConnect.

II. PROGRAMMATIC AND ADMINISTRATIVE MONITORING

1. Organization

State Organizational Structure and Planning Process:

- a. Provide a brief description of the organization that administers the State Energy Program.

- b. What are the major energy barriers, issues and opportunities facing the State?

- c. What are the State's long and short range energy goals and objectives, and how does the State Energy Program fit into them? What is the planning process to arrive at the energy goals and objectives? Is the Governor/Legislature involved in the formulation of the energy goals and objectives? Could these energy goals and objectives be accomplished without DOE's assistance?

- d. What is the process for the development of the State Energy Program Annual Award Application?

- e. Are there external or constituency groups involved in the State Energy Office's planning process? How does the SEP staff participate?

- f. Have you had any organizational changes this year? Do you foresee any upcoming changes in your agency?

- g. Please provide an agency organizational chart. Explain how the description provided in the State Energy Program Annual Award Application for all personnel paid for with grant funds matches the organization chart?

- h. Is there an appropriate staffing level and balance among the staff?

- i. Please describe how the personnel hours charged to the State Energy Program Annual Award are tracked.

2. General Administrative and Program Management

Approach:

- a. What instruments and procedures are in place, and are used by the State, to ensure compliance with SEP program objectives and Federal regulations and policies?

- b. How do the State’s efforts align with the SEP goals to promote the efficient use of energy and reduce the rate of growth of energy demand through the development and implementation of specific state energy programs?

- c. How does the State’s work under the State Energy Program promote the enhanced resiliency of energy systems and economic vitality?

- d. Describe how program results are measured. How are the results reported in the individual Market Title milestones and metrics?

Feedback and Reporting:

- a. Are there adequate internal written procedures for the preparation and submission of DOE reports including meeting deadlines for the submittal of reports and complying with all requirements of the final report? How does the State ensure that quarterly and semi-annual reports are completed accurately and submitted on time to PAGE?

- b. Are the current contracts between the State and sub-recipients signed and properly executed by both parties?

- c. Please list current contracts and agreements of the State Energy Office.

- d. Are there any major barriers or obstacles that make program administration and management challenging to the State?

- e. Who prepares and submits reports to DOE, including the Quarterly Performance Report (QPR), Quarterly Federal Financial Report (FFR), Annual Historic Preservation Report, Annual Summary, and if applicable, the Quarterly Financial Programs Report (FPR) and Semi-Annual Davis Bacon Report?

- f. Who is responsible for ensuring that the Federal Financial Reports reflect the costs incurred as recorded in State records?

- g. Explain the State processes for identifying and correcting sub-recipient performance problems. (If applicable, are there copies of letters and reports to sub- recipients?)

Record Retention:

- a. Please describe your procedures to ensure that grant related records will be retained for at least three years after delivery of the final report to DOE.

Vehicles/Equipment:

- a. Please describe how you maintain the required master inventory list of equipment, including items purchased using the State's SEP ARRA funds.

- b. What is the process to ensure that purchases/leases meet all financial and program requirements, including DOE prior approval, where applicable?

- c. How many and what types of equipment (including vehicles), if any, have been purchased, rented, or leased with grant funds in the grant year(s) under review?

- d. Are vehicles/equipment purchased with SEP funds used for other Programs? If so, how is compensation made to the State Energy Program?

3. Petroleum Violation Escrow (if applicable)

- a. How is interest earned on PVE funds accounted for?

- b. Please list the remaining balances of PVE funds. (Note: Please list the amount for each, e.g., Exxon, Shamrock, Stripper Well, etc.)

- c. What plans does the Energy Office have for future expenditures of these funds?

- d. On what date did the Energy Office, or other responsible office, submit the Annual PVE Report for the previous year?

4. Emergency Planning

- a. When was the State's Energy emergency plan last updated?

Will the plan be updated in the near future and if so when do you expect it to be completed?

5. Monitoring/Evaluation

Project Management:

- a. Does the State use a monitoring/evaluation guide for projects and programs funded by SEP? Please provide an electronic copy or a link to the copy.

- b. Does the monitoring guide include a review of all major areas covered by the sub-recipient's contract and the State Plan?

- c. *National Policy Assurances*: Has the State included all National Policy Assurances in each sub-recipient agreement paid with SEP funds (relevant National Policy Assurances include, but are not limited to: Nondiscrimination Policies, Environmental Policies, Debarment and Suspension, Drug-Free workplace, Officials not to benefit, Hatch Act, Native American Graves Protection, Use of US Flagged Vessels, Research Misconduct, Historic Preservation, Constitution Day, and Trafficking in Persons)? See the link here:
<http://energy.gov/management/office-management/operational-management/financial-assistance/financial-assistance-forms>.

- d. How many sub-recipients or other partners using SEP funds were monitored during the period under review? Please describe the results of each monitoring/evaluation report conducted?

- e. What procedures are in place for the State to ensure that sub-recipients maintain adequate documentation? How are personnel costs, including timesheets, time allocations and leave, monitored?

- f. What processes and procedures are in place for tracking findings from State monitoring visits and ensuring that program goals and objectives are being addressed and accomplished?

- g. What sanctions are imposed for sub-recipients that fail to comply with program requirements?

- h. Are the sub-recipient files complete, including completed forms, reports/letters, and documentation of actions required and their resolution(s)?

6. NEPA

- a. Do you have a Programmatic Agreement (PA) with your state SHPO office? If not, how are you complying with National Historic Preservation requirements?

- b. How are you documenting your NEPA review of your activities/market titles? Is the NEPA log being used correctly?

7. Success Stories:

- a. Are there any recent success stories? Have these been sent to your Project Officer?

8. Miscellaneous Questions:

- a. What is the most important role the State Energy Program Project Officer can play from the State's perspective?

- b. What changes would the State like to see in the Project Officer's roles in order to be of the greatest assistance to them?

- c. What changes would the State like to see implemented in the overall State Energy Program?

d. Are there issues the State would like to raise with DOE?

--

III: FINANCING PROGRAMS (if applicable)

1. Overview

a. Please answer the questions below:

- i. Please list your active financing programs along with a brief description that were capitalized with ARRA funds.

- ii. Please list your active financing programs that were capitalized with either PVE funds or State Energy Program funds.

- iii. Please list any active non-financing programs you have created using repurposed ARRA funds.

- iv. How are your financing and repurposed programs administered? Please include who manages the programs (i.e., a third party and/or the State), and how the programs are monitored.

- v. What percent of your loan/financing program(s) is/are used for administrative costs?

- vi. How are loan/financing program applications reviewed? If there is a review committee, what is the expertise/background of each of the team's members? Do you have written guidelines that are used? If so, please provide.

- vii. What are the administrative duties and staffing needs associated with your financing programs?

- b. Have the SEP ARRA funds been segregated from SEP Annual funds and tracked under separate account(s)?

- c. For SEP ARRA financing programs only, are you and your subcontractors/partners complying with all SEP Terms and Conditions (including Appendix A [ARRA terms] by reference)? Provide explanation.

2. Reporting –

- a. Do you review audits of your financing program sub-recipients, contractors or State partners, including those that are required to undergo A-133 audits? Describe how you use the reviews in your monitoring efforts.

3. Loan Defaults and Loans Write-offs

- a. Provide a detailed description of your loan default and write-off procedures by answering the questions below:

- i. Are there any state regulations or legislation regarding defaults and write-offs of loans that involve government funds? (Note: Please provide citations to exact requirements.)

- ii. What is your State's definition of a loan in default?

- iii. Please describe the process for declaring a loan "in default." Please include how much time must pass without scheduled payments being made, and any other pertinent information.

- iv. What actions are taken to collect loan payments and / or reclaim defaulted loans? (In order of occurrence.)

- v. What are the steps, and how much time must pass before a loan in default is written off as uncollectable?

- vi. What are the final actions taken to recover loan principal, or loan collateral before a loan is written off as uncollectable?

- vii. Please supply other pertinent information that applies to your loan default and write-off process.

Prepared by: _____ Date: _____

Appendix G:

Virtual Monitoring Instrument

State Energy Program Virtual Monitoring Instrument

I. REPORTING OVERVIEW

II. PROGRAMMATIC AND ADMINISTRATIVE MONITORING

- 1. Organization**
- 2. General Administration and Program Management**
- 3. Petroleum Violation Escrow (PVE)**
- 4. Emergency Planning**
- 5. Monitoring/Evaluation**
- 6. Success Stories**
- 7. Miscellaneous Questions**

III. RECOVERY ACT-FUNDED FINANCING OR OTHER PROGRAMS (NOTE: IF APPLICABLE)

Virtual Monitoring Instrument

Grantee (State): _____

Contact Person: _____

Position Title: _____

Telephone Number: _____

Date of Virtual Visit: _____

Date of Last Visit: _____

Monitor(s): _____

Other Grantee Staff present & Titles: _____

Comments: _____

Please attach additional pages, as necessary.

I. REPORTING OVERVIEW¹

Quarterly Performance Reporting (QPR): Required quarterly and within 90 days after the expiration or termination of award (submit through PAGE).

Quarterly Financial Reporting (SF-425): Required quarterly and within 90 days after the expiration or termination of award (submit through PAGE).

Financial Programs Reporting (FPR) (applicable to Grantees with ARRA-funded RLFs, LLRs or Other Programs): Required quarterly (submit through PAGE).

Closeout Reporting (SF-428 and 428B Final Property Report): Required 90 days after the expiration or termination of award (Submitted to DOE Project Officer).

Annual Summary Report: Due 90 days after the end of each grant budget period.

Annual Indirect Cost Proposal: Required annually (submit in PAGE document library, and to Project Officer).

Historical Preservation: Required annually on 9/15 for the period 9/1 to 8/31 (submit in PAGE).

II. PROGRAMMATIC AND ADMINISTRATIVE MONITORING

1. Organization

State Organizational Structure and Planning Process:

- a. Provide a brief description of the organization that administers the State Energy Program.

- b. What are the major energy barriers, issues or opportunities facing the State?

- c. What are the State's long and short range energy goals and objectives and how does the State Energy Program fit into them? What is the planning process to arrive at the energy goals and objectives? Is the Governor/Legislature involved in the formulation of the energy goals and objectives? Could these energy goals and objectives be accomplished without DOE's assistance?

¹ Additional information pertaining to each of the required reports may be obtained from the Grantee's DOE F 4600.2 form (Federal Assistance Reporting Checklist), which should be available in their annual grant file.

- d. What is the process for the development of the State Plan?

- e. Are there external or constituency groups involved in the State Energy Office's planning process? How does the SEP staff participate?

- f. Have you had any organizational changes this year? Do you foresee any upcoming changes in your agency?

- g. Does the description provided in the State Plan for all personnel paid for with grant funds match the organization chart? ☐ Yes ☐ No

- h. Is there an appropriate staffing level and balance among staff (program/project managers, administrative, financial, etc.)?

2. General Administrative and Program Management

Approach:

- a. What instruments and procedures are in place and used by the State to ensure compliance with SEP program objectives and Federal regulations and policies?

- b. How successful has the Grantee been in achieving EPA's reductions of 25% by 2012?

- c. How has the State worked with other States to accomplish EAct's goals?

- d. How is the State's market transformation effort aligning with the SEP national goals to reduce US oil dependency?

- e. How does the State's plan reflect the enhanced resiliency of our energy system and the promotion of economic vitality?

- f. How is the State approaching program measurement/metrics?

- g. Are there any programmatic activities that need to be further explained?

Feedback and Reporting:

- a. Are there adequate written procedures for the preparation and submission of DOE reports including timing of reports and requirements of the final report? ☐ Yes ☐ No

- b. What are the major barriers or obstacles, both current and perpetual, which make program administration and management challenging to the State?

- c. Please list staff that prepare and submit reports to DOE?

Report	Who Prepares?	Who Submits to DOE?
Federal Financial Report (FFR)(SF-425)		
Quarterly Performance Report (QPR)		
Financial Programs Report (FPR)-If applicable		
Annual Summary Report		

- d. How does the State ensure that quarterly and semi-annual reports are completed accurately and submitted on time to PAGE?

--

- e. Who is responsible to ensure that FFRs reflect the costs incurred as recorded in State records?

--

- f. Explain the State processes for identifying and correcting performance problems on the part of sub-recipients or partner agencies, including how these efforts are documented and finally resolved.

--

3. Petroleum Violation Escrow (PVE)

- a. How is interest earned on PVE funds accounted for?

--

- b. How much of each type of PVE funds is remaining?

- c. What plans does the Energy Office have for future expenditures of these funds?²

--

- d. On what date did the Energy Office, or other responsible office, submit the Annual PVE Report for the previous year?

--

4. Emergency Planning

- a. When the State's emergency plan was last updated?

--

- b. Has the most recent plan been submitted to DOE? ☐ Yes ☐ No

On what date did the Energy Office, or other responsible office, submit the most recent plan to DOE?

--

5. Monitoring/Evaluation

Project Management

- a. Does the State use a monitoring/evaluation guide (instrument)? ☐ Yes ☐ No

Please provide a copy if not already submitted.

- b. Does the monitoring guide include a review of all major areas covered by the sub-recipients contract and the State Plan? ☐ Yes ☐ No

² Cost Match requirement may not be met through expenditure of PVE funds.

- c. *National Policy Assurances*: Has the State included all National Policy Assurances³ included in the boilerplate of each Sub-contract paid by SEP Annual dollars (relevant National Policy Assurances include Nondiscrimination Policies, Environmental Policies, Debarment and Suspension, Drug-Free workplace, Officials not to benefit, Hatch Act, Native American Graves Protection, Use of US Flagged Vessels, Research Misconduct, Historic Preservation, Constitution Day, and Trafficking in Persons)?

- d. How often are sub-recipients monitored?
- e. How many sub-recipients or other partners using SEP funds were monitored during the period under review and describe the results of each monitoring/evaluation report conducted?

- f. What processes and procedures are in place for tracking findings from State monitoring visits and ensuring that program goals and objectives are being addressed and accomplished?

- g. What sanctions are imposed for sub-recipients that fail to comply with program requirements?

- h. Are the sub-recipient files complete with completed forms, reports/letters, and documentation of actions required and their resolution(s)? ☐ Yes ☐ No

6. Success Stories

- a. Are there any recent success stories? ☐ Yes ☐ No

Have these been submitted to DOE? ☐ Yes ☐ No

³ <http://energy.gov/management/downloads/national-policy-assurances-be-incorporated-award-terms>

7. Miscellaneous Questions

- a. What is the most important role the State Energy Program Project Officer can play from the State's perspective?

- b. What changes would the State like to see in the Project Officer's role in order to be of the greatest assistance to them?

- c. What changes would the State like to see implemented in the overall SEP program?

- d. Are there issues the State would like to raise with DOE?

- e. How would a sub-recipient or partner respond if asked, "What issue do you have with the State's management of your agreement and project?"

III: RECOVERY ACT-FUNDED FINANCING OR OTHER PROGRAMS:

- i. Please describe the goals and purposes of each of your ARRA funded financing or other program(s). Please describe how well the financing or other programs are subscribed.

- ii. Have all existent ARRA SEP funds been segregated from Annual SEP funds and tracked under a separate accounting system? ☐ Yes ☐ No

- iii. How has the State used program income⁴ from its RLF or LLR?

- iv. For SEP ARRA financing programs only, are you and your subcontractors/partners complying with all SEP Terms and Conditions (including Appendix A [ARRA terms] by reference)?

☐ Yes ☐ No

Prepared by: _____

Date: _____

⁴ Use of Program Income: Program income earned during project period may be added to funds committed and used for eligible projects, including reinvestment into the RLF or LLR and Annual Award-approved activities.

Appendix H:

SEP Administrative Processes & Financial Management: Monitoring Instrument

**U.S. Department of Energy
State Energy Program (SEP)**

SEP Administrative Processes & Financial Management: Monitoring Instrument

**As Conducted for the [SEP GRANTEE STATE OR TERRITORY
NAME HERE]**

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INTRODUCTORY MATTERS

Purpose

The U.S. Department of Energy (DOE) continually seeks to ensure that Federal taxpayer money appropriated to it by Congress is being spent effectively and transparently in support of the agency's programmatic goals and related activities. As part of this effort, DOE conducts periodic reviews of the State Energy Program (SEP) Formula Grant awards it makes to all 50 States, the District of Columbia, and the five U.S. Territories. These reviews are intended to examine the administrative processes and financial management practices that are put in place by each of these 56 Grantees in support of their State or Territory government's policies and programs funded by SEP. On average, a Grantee may expect to be the subject of this type of review approximately once every four years (taking account of any exceptional circumstances). These reviews are distinct from the regular SEP programmatic on-site monitoring conducted by each Grantee's DOE Technical Project Officer ("TPO") that has its own set of reporting requirements (see "Checklist of Supporting" Documentation" section below). The two sets of reviews are intended to be complementary. To that end, any weaknesses identified in the administrative processes or financial management practices of a Grantee will be shared with the TPO with the goal of assisting the Grantee in resolving those matters.

Topics

The general topics of this review are the following:

1. Financial Operations – General Policies and Procedures
2. SEP Grant-Related Accounting and Budgetary Matters
3. State or Territory-Level Financial Audits
4. Payroll and Personnel
5. Physical Property Management: Part 1: Vehicles and Equipment, Part 2: Supplies
6. State or Territory-Level Procurement Processes
7. Record-Keeping and Retention
8. Additional Matters
9. Conclusion

Each topic and its associated questions can be found in the [Financial Management and Administrative Processes](#) chapter of this document.

Checklist of Supporting Documentation

As part of this review, the Grantee is asked to include a set of relevant supporting documentation either as standalone files or as web-links to publicly available websites. To assist in this matter, DOE has prepared a one-page document entitled "SEP Desktop Review – Checklist of Supporting Documentation" (herein referred to as the "Checklist") that identifies this supporting documentation. The Checklist is included along with the introduction letter and this Instrument

as a set of three documents your state energy office received as part of this correspondence. The Checklist lists a set of ten sections denoted alphabetically as A through J that covering all applicable supporting documentation topics. (There is also an eleventh section, Section K, that references this SEP Monitoring Instrument.) DOE realizes that not all items will be applicable to all Grantees. For instance, DOE is aware that not all Grantees have subrecipients and that not all Grantees utilize SEP funds for purchases of vehicles or equipment in excess of \$5,000. The Checklist is simply written in the most general way possible to cover all Grantees.

Reminder: Regular Reporting Requirements

The documents needed for this review of Grantee administrative processes and financial management procedures are distinct from those associated with SEP Grantees' regular reporting requirements such as the quarterly progress and financial reports and other filings. A list of these regular / periodic reporting requirements is provided below as a courtesy. Contact your TPO if you have any questions or concerns.

Program/Quarterly Progress Reports (QPR): Required quarterly within 30 days of end of quarter and within 90 days after the expiration or termination of award. This is submitted through DOE's Performance and Accountability for Grants in Energy (PAGE) system.

Financial Reporting: Required quarterly within 30 days of end of quarter and within 90 days after the expiration or termination of award. The form used is the SF-425: Federal Financial Report ("FFR"). This is submitted through the PAGE system.

ARRA Financial Programs Report (FPR): Applicable to Grantees with financing programs funded under the American Recovery and Reinvestment Act ("ARRA" or "Recovery Act"). These reports are required quarterly and are submitted through the PAGE system.

Annual Indirect Cost Proposal: If the Department of Energy (DOE) is the Grantee's cognizant agency and the Grantee utilizes an Indirect Cost Rate (ICR), then the Grantee is required to submit either an approved Indirect Rate Agreement (IRA) or Cost Allocation Plan (CAP) annually 180 days after the end of the fiscal year. The IRA or CAP should be used to review any indirect charges included in the quarterly FFR (SF-425). The IRA or CAP is submitted with the State Plan into the PAGE document library. Any discrepancies between the IRA/CAP and the FFR should be discussed with the Contracting Officer.

Historical Preservation: Required annually by Sept 15 following the period Sept 1-Aug 31 (that is, 15 days *after* the end of this 12-month period). This is submitted through the PAGE system.

Davis-Bacon (Applicable to financing programs funded under ARRA): Required semi-annually for the periods Oct 1 – March 31 and April 1 – Sept 30, within 25 days of the end of each period. See Wage Rate Requirements term in Appendix A of annual award terms and conditions.

Closeout Reporting: (SF-428 and 428B Final Property Report): Required 90 days after the expiration or termination of 3-year or 5-year Grant Period This is submitted to the Grantee's TPO.

Special Status Reports: Required only as needed.

Instructions

Please complete all relevant questions using this blank, fillable Instrument document. If you choose to save this file as a PDF document, please make sure the text boxes have appropriately expanded to capture full replies. If you encounter any difficulties using this form, please reach out to the Point of Contact identified below.

Point of Contact

Please submit both this completed SEP Monitoring Instrument and all relevant supporting documentation listed on the Checklist electronically (preferred) or via postal mail to:

Mr. Richard M. Todaro
Boston Government Services, LLC
490 L'Enfant Plaza SW, #7170
Washington, DC 20024

Phone: (o) 202-524-1776 x 409; (c) 202-494-3151

E-mail (please use both): rtodaro@bgs-llc.com and richard.todaro@ee.doe.gov.

Submission Deadline

Grantees typically are given 30 calendar days to complete and return this Instrument document and the supporting documentation, but taking into account weekends, holidays, and any special considerations.

The deadline for your agency's submission is [DATE].

If you have reason to believe that your agency will be unable to meet this deadline and additional time will be needed, please contact SEP Branch Chief Pete Davis to make arrangements as soon as possible by telephone at 720-356-1606 or by email at pete.davis@ee.doe.gov.

FINANCIAL MANAGEMENT AND ADMINISTRATIVE PROCESSES

1. Financial Operations – General Policies and Procedures

Please describe the following component of the Grantee's financial operations policies and procedures as set forth either at the level of the agency or State/Territory Government such as appears in a manual or other electronic form. Please include any accompanying links:

A. Lines of Responsibility

B. Accounting Standards and Systems

C. Payment Procedures

D. Approval Authority

E. Record Keeping Requirements

2. SEP Grant-Related Accounting and Budgetary Matters

The questions here are directed at the Grantee and its parent agency or, alternatively, the Grantee and its State or Territory-level government, whichever is appropriate.

- A. Describe the type of accounting system used by the Grantee. If it is an accrual system, how are receipts and cash expenditures reconciled?

- B. Describe the system for comparing actual expenditures to budgeted amounts on a periodic basis.

- C. How is this Grantee meeting its 20% per budget period cost match requirement? This requirement may not be met with expenditures of PVE funds other than Stripper Well funds and Diamond Shamrock funds. Records must be kept for all Cost Match.

3. State or Territory-Level Financial Audits

- A. Are periodic financial reports used as a management control tool? Please check your response: **YES** ☐ **NO** ☐

How?

- B. How frequently are financial audits conducted on the State or Territory government?

- C. What entity conducts the financial audits? Please check your response:

- ☐ **State / Territory Auditor**
☐ **Independent Auditing Firm Hired by State/Territory**
☐ **Other**

Please provide the name of the agency, firm, or other entity:

- D. Is the State Energy Program specifically reviewed in the audit? Please check your response: **YES** ☐ **NO** ☐
- E. In the most recent audit report, were there any findings specific to SEP? Please check your response: **YES** ☐ **NO** ☐

If so, what corrective actions have been taken? Have those actions been appropriate and effective? If not, why, and what will be done to correct the issue(s)?

- F. Are there any other outstanding or unresolved audit findings affecting other agency programs that could apply to or impact SEP that have yet to be resolved? Please check your response: **YES** ☐ **NO** ☐

4. Payroll and Personnel

- A. How are personnel policies such as job classifications; time and attendance; leave and overtime; travel; etc., established and made available to employees? Please provide weblinks or electronic copies of these policies.

- B. Describe the plan for allocating costs when personnel are being charged to more than one grant, and whether it has been presented to DOE. How is this information distinguishable on staff timesheets?

- C. How is allowability of costs determined to be in accordance with approved budgets and cost principles?

- D. Does the time charged to the SEP Grant as indicated in the State Application match the actual time spent working on recognized SEP activities? Please check your response:

YES ☐ **NO** ☐

- E. What procedures are in place for the Grantee to ensure that subrecipients maintain adequate documentation and monitoring of personnel issues such as timesheets, time allocations, and leave?

5. Physical Property Management

This section addresses two types of physical property: Part 1: Vehicles and Equipment (i.e., property with a value of at least \$5,000) and Part 2: Supplies that are purchased with SEP funds. If SEP funds are not used for purchasing, leasing, renting, or otherwise securing vehicles and qualifying equipment, simply write "n/a" (not applicable) in the boxes.

Part 1: Vehicles and Equipment

A. Is there a master inventory list of vehicles and/or equipment? Please check your response: **YES** ☐ **NO** ☐

B. Are there written procedures covering the inventory, maintenance, and disposition of vehicles and/or equipment, and how are these procedures checked to ensure compliance with DOE requirements?

C. What is the process to ensure purchases and/or leases meet all financial and SEP programmatic requirements, including DOE prior approval, where applicable?

D. How many and what types of vehicles, if any, have been purchased, rented, or leased with SEP Grant funds in the grant year(s) under review?

E. If vehicles and/or equipment are purchased with SEP funds, who has responsibility for maintaining them?

F. What are the safeguards in place to ensure that SEP-funded vehicles and/or equipment costs are charged to the appropriate program and category?

G. Are vehicles and/or equipment purchased with SEP funds used for other programs administered by the Grantee or the Grantee's parent agency? Please check your response: **YES** ☐ **NO** ☐

If yes, how is compensation made to the SEP program?

H. Are the vehicles and/or equipment being used by the Grantee for SEP programmatic activities adequate for the job? Please check your response: **YES** ☐ **NO** ☐

Part 2. Supplies

- A. Are there written policies and procedures covering the purchase of supplies? Please check your response: **YES**☐ **NO**☐
- B. Are the costs properly charged to the appropriate program and category? Please check your response: **YES**☐ **NO**☐

6. State or Territory-Level Procurement Processes

Please provide information in this section to clarify both the Grantee's (and its State or Territory government's) policies and programmatic processes related to procurement. If the Grantee's procurement process is significantly different from that of the State or Territory government, please include an explanation of why and how.

- A. Describe the procurement process and segregation (or separation) of duties as they pertain to SEP procurement activities.

- B. The Grantee must notify all potential subrecipients that no entity may enter into a contractual relationship unless that entity has provided its DUNS number in the legally prescribed manner. Has this been done? Please check your response: **YES**☐ **NO**☐

- C. Is the Grantee following the procurement standards of its State or Territory government? Please check your response: **YES**☐ **NO**☐

- D. What criteria are used by the Grantee to determine the selection of subrecipients?

- E. Has the Grantee made good faith efforts, when possible, to purchase American made products? Please check your response: **YES**☐ **NO**☐

- F. Are there procedures in place for subrecipients to follow to ensure fair and open competition in the award of their subcontracts? Please check your response: **YES**☐ **NO**☐

Please describe these procedures.

- G. Do the procurement procedures specifically address purchases? Please check your response: **YES**☐ **NO**☐

- H. How does the Grantee ensure fairness in bidding and contracting procedures with small businesses, women's business enterprises, and minority-owned firms?

- I. Explain how the procurement procedures provide controls that (a) avoid the purchase of unnecessary or duplicative items; (b) obtain the most economical purchase; and (c) analyze lease versus purchase alternatives.

- J. When during the procurement process are subrecipients reimbursed? Please check your response:

- ☐ Before work is started
☐ As work is in progress
☐ Upon receipt of invoice
☐ Upon final acceptance

- K. Does the Grantee have carryover? Please check your response:

YES ☐ **NO** ☐

If yes, do the balances exceed 25% of the prior year's federal formula allocation? Please check your response: **YES** ☐ **NO** ☐

- L. How will these balances be reduced?

7. Record-Keeping and Retention

- A. What are the established policies and procedures to ensure that records will be retained for at least three (3) years after delivery of the final report to DOE?

- B. Does the Grantee require a longer records retention time-period? Please check your response: **YES** ☐ **NO** ☐

8. Additional Matters

Are there any outstanding financial (or programmatic) issues or concerns that you have about the financial management or administrative processes related to SEP or related programmatic activities that you would like to relate to DOE? This information will be shared with your Technical Project Officer (TPO).

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9. Conclusion

Please provide the following information:

Name:	_____
Date completed:	_____
Telephone number:	_____
E-mail address:	_____
Point of Contact:	_____
(if different from person above)	



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