

**SUBJECT: INFRASTRUCTURE INVESTMENT AND JOBS ACT OF 2021, ENERGY EFFICIENCY
REVOLVING LOAN FUND CAPITALIZATION GRANT PROGRAM GRANT APPLICATION
INSTRUCTIONS**

Table of Contents

1.0 PURPOSE	3
2.0 SCOPE	3
2.1 ELIGIBLE APPLICANTS	3
2.2 ELIGIBLE RECIPIENTS OF LOANS, GRANTS, AND TECHNICAL ASSISTANCE	3
3.0 LEGAL AUTHORITY	4
4.0 PROGRAM OVERVIEW & GOALS	4
4.1 PROGRAM ACTIVITIES & OUTCOMES	5
4.2 DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY	7
4.3 JUSTICE40 INITIATIVE	8
4.4 JOB GROWTH AND QUALITY	9
4.5 LESSONS LEARNED FROM SUCCESSFUL FINANCING PROGRAMS	10
4.6 TECHNICAL ASSISTANCE	10
5.0 FUNDING	11
5.1 IIJA FORMULA ALLOCATIONS	11
5.2 COST MATCH	12
5.3 PROGRAM INCOME	12
6.0 APPLICATION INSTRUCTIONS FOR THE ENERGY EFFICIENCY REVOLVING LOAN FUND CAPITALIZATION GRANT PROGRAM	12
6.1 OVERVIEW	12
6.2 IIJA AWARDS	13
6.3 STATE APPLICATION	13
6.3 A. STANDARD FORM 424 (APPLICATION)	13
6.3 B. STANDARD FORM 424A (BUDGET)	13
6.3 B.1. STANDARD FORM 424A	14

6.3 B.2 BUDGET JUSTIFICATION	14
6.3 C. MASTER FILE	16
6.3 D. ANNUAL FILE	17
6.3 E. MANDATORY REQUIREMENTS	20
6.3 F. EXPENDITURE PROHIBITIONS, LIMITATIONS, AND ALLOWANCES	24
6.3 G. OTHER FORMS	25
6.3 H. NATIONAL ENVIRONMENTAL POLICY ACT INFORMATION	25
6.4 APPLICATION FORMAT AND CHANGES	28
6.4 A. CONTENT AND FORM OF APPLICATION	28
6.4 B. OTHER SUBMISSION AND REGISTRATION REQUIREMENTS	28
6.4 C. QUESTIONS/AGENCY CONTACTS	28
6.5 REPORTING REQUIREMENTS	30
6.6 FEDERAL CHARACTER OF FUNDS	30
6.7 REJECTION OF FUNDS	30
7.0 CONCLUSION	31
REFERENCE MATERIAL	31
EE RLF IIJA Administrative and Legal Requirements Document	31
EE RLF IIJA Formula Allocations	31
EE RLF IIJA Formula Award Application Checklist	31
EE RLF IIJA Two-Year Report Template	31
EE RLF IIJA Template for Declining Funds	31

1.0 PURPOSE

To establish Formula Grant Application Instructions and management information for the Energy Efficiency Revolving Loan Fund Capitalization Grant Program (EE RLF Program), established under the [Infrastructure Investment and Jobs Act](#) (IIJA) of 2021,¹ also known as the Bipartisan Infrastructure Law (BIL), including (1) IIJA Application Instructions, (2) Administrative and Legal Requirements Document (ALRD), (3) IIJA Allocations, (4) the IIJA Application Checklist.

The EE RLF Program enables states, U.S. Territories, and the District of Columbia (hereinafter referred to as “states”) to capitalize revolving loan funds (RLFs) to provide grants and loans to conduct commercial and residential energy audits and energy efficiency upgrades and retrofits of building infrastructure. Of the \$250 million allocated by IIJA for the program, 40% will be provided to states according to the State Energy Program (SEP) formula described in [10 CFR Part 420.11](#). The remaining 60% of funding will be allocated to a set of Priority States, as defined in IIJA Section 40501. Allocation details can be found in the Reference Material of this document.

2.0 SCOPE

The provisions of this Program Notice apply to states applying for capitalization grants under the EE RLF Program.

SEP is authorized under the Energy Policy and Conservation Act, as amended ([42 U.S.C. 6321 et seq.](#)). All grant awards made under this program shall comply with applicable laws including, but not limited to, 2 CFR Part 200, as amended by 2 CFR Part 910, and IIJA Section 40501 and 40502.

2.1 ELIGIBLE APPLICANTS

In accordance with IIJA Section 40501 and IIJA Section 40502, funding for this program is only available to states that are eligible for funding under SEP. Per the Energy Policy and Conservation Act, this SEP funding is only available to states, the District of Columbia, Puerto Rico, the Trust Territory of the Pacific Islands, or any territory or possession of the United States, ([42 U.S.C. 6202\(4\)](#)). No other entity types may be considered for this funding.

2.2 ELIGIBLE RECIPIENTS OF LOANS, GRANTS, AND TECHNICAL ASSISTANCE

See below for an overview of eligible recipients of loans, grants, and technical assistance as defined in part (e) of IIJA Section 40502.

¹ Established in Section 40502 of the Infrastructure Investment and Jobs Act, Public Law 117-58 (November 15, 2021). <https://www.congress.gov/bill/117th-congress/house-bill/3684>

Type of Assistance	Building Sub-Sector	Eligible Recipient(s)
<i>Loans</i>	Commercial ² (includes publicly and privately owned buildings)	<ul style="list-style-type: none"> • A business, nonprofit organization or a public building that satisfies both of the following: <ul style="list-style-type: none"> ○ Conducts a majority of its business in the state that provides the loans. ○ Owns or operates 1 or more commercial buildings or commercial space within a building that serves multiple functions, such as a building for commercial and residential operations. • See 6.3 E. MANDATORY REQUIREMENTS
	Residential ³	<ul style="list-style-type: none"> • An individual who owns one of the following: <ul style="list-style-type: none"> ○ A single family home. ○ A condominium or duplex. ○ A manufactured housing unit. • A business that owns or operates a multifamily housing facility.
<i>Grants and Technical Assistance</i>	Commercial ⁴	<ul style="list-style-type: none"> • A business that meets both criteria to receive loans (see above) and has fewer than 500 employees. • See 6.3 E. MANDATORY REQUIREMENTS
	Residential ⁵	<ul style="list-style-type: none"> • A low-income individual that owns a residential building.⁶

3.0 LEGAL AUTHORITY

SEP is authorized under the Energy Policy and Conservation Act, as amended ([42 U.S.C. 6321 et seq.](#)). All grant awards made under this program shall comply with applicable laws including, but not limited to, 2 CFR Part 200, as amended by 2 CFR Part 910, and IJIA Section 40502.

4.0 PROGRAM OVERVIEW & GOALS

Projects awarded under this ALRD will be funded, in whole or in part, with funds appropriated by the [Infrastructure Investment and Jobs Act](#) (Public Law 117-58), also known as the Bipartisan Infrastructure Law. The IJIA is a once-in-a-generation investment in infrastructure, which will grow a more sustainable, resilient, and equitable economy through enhancing U.S.

² Eligible recipients of loans for commercial building audits, upgrades, and retrofits are defined in IJIA Section 40502(e)(2)(A)(iv).

³ Eligible recipients of loans for residential building audits, upgrades, and retrofits are defined in IJIA Section 40502(e)(2)(B)(iv).

⁴ Eligible recipients of grants and technical assistance for commercial building audits, upgrades, and retrofits are defined in IJIA Section 40502(e)(3)(B)(i).

⁵ Eligible recipients of grants and technical assistance for residential building audits, upgrades, and retrofits are defined in IJIA Section 40502(e)(3)(B)(ii).

⁶ See paragraph 36 of [29 U.S.C. 3102](#) for a definition of a low-income individual eligible for grants and technical assistance under this program.

competitiveness in the world, creating good jobs, and ensuring stronger access to economic and other benefits for disadvantaged communities. The IJA appropriates more than \$62 billion to DOE to deliver a more equitable clean energy future for the American people.

As part of this effort, Section 40502 of IJA authorizes the EE RLF Program and FY22 appropriations of \$250,000,000, available until funding is expended and to be distributed to states beginning in FY23.

It is critical that the projects not only contribute to building improvement goals, but also (1) support the IJA objectives to invest in America's workforce by including specific elements to accelerate job growth and job quality; and (2) advance the Administration's equity, environmental, and energy justice priorities, including the Justice40 Initiative.⁷ The Justice40 Initiative establishes a goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities. Also, projects supported by these investments will have minimal negative impacts on communities with environmental justice concerns.

The EE RLF Program is a critical piece of DOE's strategy to achieve these goals and marks a significant investment in ensuring that homes and businesses – a key part of our nation's infrastructure – are efficient, clean, affordable, and resilient. States will use program funding to establish sustainable RLFs and provide grants for energy audits, upgrades, and retrofits that will create good-paying jobs, cut greenhouse gas emissions, and reduce energy costs, particularly for small businesses and energy-burdened homeowners.

4.1 PROGRAM ACTIVITIES & OUTCOMES

The EE RLF Program provides an important statutory framework to build on states' efforts to expand energy efficiency investments, particularly in areas with greater needs and higher barriers to accessing low-cost capital necessary to deploy clean energy technologies.

There are three primary program objectives for this program: maximizing loan volume and leveraging private capital; accelerating and maximizing energy savings; and creating good paying jobs and supporting the Justice40 Initiative.

(1) Maximize loan volume & leverage private capital

A state receiving a capitalization grant under this program shall, to the maximum extent practicable, use the grant to leverage private capital. DOE encourages states to use program funding to develop RLFs that feature credit enhancements based in public-private partnerships such as loan loss reserves (e.g., [Michigan Saves](#), [Connecticut Green Bank](#)) or co-lending (e.g., the [Nebraska Dollar and Energy Savings Loan Program](#)). Additionally, states are encouraged to complement existing programs such as established RLF programs, Commercial Property Assessed Clean Energy (C-PACE) programs (e.g., [Minnesota's Trillion BTU Program](#) and [Minnesota PACE](#)), on-bill programs, utility rebate programs (e.g., [Golden State Finance](#)

⁷ The Justice40 Initiative, established by Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, establishes a goal that 40% of the overall benefits of certain federal investments flow to disadvantaged communities. <https://www.whitehouse.gov/wp-content/uploads/2021/07/M-21-28.pdf>

[Authority Advanced Rebate Payment \(ARP\) Program](#)), and similar established programs that can be enhanced with additional funding. States receiving capitalization grants under this program are encouraged to utilize and build on existing program and infrastructure within the state.

Additionally, DOE encourages states to use non-EE RLF funding (e.g., other BIL funding or unspent American Recovery and Reinvestment Act dollars) to strategically complement EE RLF funding and to prioritize the use of private-capital-leveraging credit enhancements (e.g., loan loss reserves) in all programs. For example, a state may use EE RLF Program funds to serve one high-need market segment (e.g., small and medium businesses), while non-EE RLF funds can be used to serve a separate high-need market segment (e.g., households with high energy burden), or vice versa.

(2) Accelerate & maximize energy savings

U.S. homes and buildings are responsible for about 40% of the nation’s energy use, including 75% of U.S. electricity use, resulting in over \$400 billion spent on energy bills each year. Transitioning to a clean energy economy will help reduce America’s energy bills and reduce air pollution that impacts people’s health and the global climate crisis. With greater access to low-cost financing, including through the EE RLF, there is ample opportunity for residential, commercial, and industrial buildings to benefit from greater energy efficiency, resulting in energy savings and supporting large-scale decarbonization. Projects financed through the EE RLF will result in energy savings, and many will also carry benefits such as improved indoor air quality, greater comfort in conditioned spaces, and lower operations and maintenance costs. DOE encourages states to pursue projects that will maximize cost-saving and pollution-reducing benefits to building owners and residents. Additionally, inclusion of aggregable data as part of the EE RLF assessment processes – including Home Energy Score and Building Sync compliant data - will help states and DOE better account for the energy, cost, and carbon impacts of this program.

(3) Create good-paying jobs & support Justice40 Initiative

DOE recognizes the opportunity for federal grant funds to support economic development both through access to energy cost savings as well as through creation of high quality, locally-based jobs. Additionally, grant funds will only be useful if there is a ready and willing workforce that can implement building energy audits and energy efficiency retrofits. To these ends, the program will encourage states to use the grants to support a strong and skilled workforce where workers are fairly compensated and supported to receive industry-recognized credentials. DOE also encourages states to use project labor agreements and other legally enforceable agreements that support upskilling and employment of disadvantaged communities in the EE RLF-financed projects.

DOE encourages states to design RLFs that can serve disadvantaged populations including households with higher-than-average energy burden as well as small businesses. There is an opportunity for RLFs to expand access to low-cost capital for these disadvantaged populations, which otherwise may struggle to find financing for building energy efficiency retrofits. For

example, RLFs can take comparatively more risks in lending to poor credit consumers, or otherwise difficult-to-finance homes and businesses, relative to private lenders.

There is an opportunity for RLF funding to be leveraged by a state’s Weatherization Assistance Program (WAP). However, there are two critical considerations: (1) RLF funds should “supplement, not supplant” WAP funding per [10 CFR Part 420.18\(e\)\(4\)](#) (i.e., states should avoid giving grants or loans to homes that are otherwise eligible for WAP until they have exhausted WAP as a resource); and (2) to mitigate consumer protection risks related to loans to the most vulnerable households, states are encouraged to avoid lending to WAP-eligible homes. As part of the loan application process, states are encouraged to include a question about household income to screen for WAP, LIHEAP, and other similar program eligibility.

One way leveraging can be done is through the 25% of RLF funding that may go towards low-income homes as *grants*. For example, an RLF *grant* may be used to complete a deeper retrofit on a home than is possible with WAP funds alone, or there may be structural or repair issues in a home that WAP cannot address, but which an RLF *grant* could be used to resolve.

As states consider using RLF *grants* and WAP⁸ funding to serve low-income households, be aware that the RLF program defines a low-income individual based on section 3 of the Workforce and Innovation and Opportunity Act.

4.2 DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY

It is the policy of the Administration that:

“[T]he Federal Government should pursue a comprehensive approach to advancing equity⁹ for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality. Affirmatively advancing equity, civil rights, racial justice, and equal opportunity is the responsibility of the whole of our government. Because advancing equity requires a systematic approach to embedding fairness in decision-making processes, executive departments and agencies must recognize and work to redress inequities in their policies and programs that serve as barriers to equal opportunity. By advancing equity across the Federal Government, we can create opportunities for the improvement of communities that have been historically underserved, which benefits everyone.”¹⁰

⁸ Households at or below 200% of the [Federal Poverty Income Guidelines](#) may be eligible for WAP.

⁹ The term “equity” means the consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality. Executive Order 13985.

¹⁰ Executive Order 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government” (Jan. 20, 2021).

As part of this whole of government approach, this funding action seeks to encourage states to include the participation of underserved communities¹¹ and underrepresented groups in the activities states undertake with these funds. States are highly encouraged to include contractors and sub-contractors from groups historically underrepresented^{12,13} in their EE RLF Program scoping and ensure associated STEM education programs are inclusive of traditionally underrepresented populations and geographies.¹⁴ Further, Minority Serving Institutions,¹⁵ Minority Business Enterprises, Minority Owned Businesses, Woman Owned Businesses, Veteran Owned Businesses, or entities located in an underserved community that meet the eligibility requirements for receiving loans and grants are encouraged to be considered as recipients under state RLF programs. Workforce programs should seek to reduce systemic barriers to accessibility of quality jobs to promote diversity in the energy workforce.

4.3 JUSTICE40 INITIATIVE

The EE RLF Program is a Justice40-covered program¹⁶ and as such contributes to the President’s goal that 40% of the overall benefits of certain federal investments in clean energy and climate solutions flow to disadvantaged communities that for too long have faced disinvestment and underinvestment.

¹¹ The Office of Management and Budget [Interim Implementation Guidance for Justice40](#) defines a disadvantaged community as either: (1) a group of individuals living in geographic proximity (such as census tract), or (2) a geographically dispersed set of individuals (such as migrant workers or Native Americans), where either type of group experiences common conditions.

¹² Find workforce development resources from DOE online at: [Workforce Development | Better Buildings Initiative \(energy.gov\)](#). According to the National Science Foundation’s 2019 report titled, “[Women, Minorities and Persons with Disabilities in Science and Engineering](#)”, women, persons with disabilities, and underrepresented minority groups—blacks or African Americans, Hispanics or Latinos, and American Indians or Alaska Natives—are vastly underrepresented in the STEM (science, technology, engineering and math) fields that drive the energy sector. For example, in the U.S., Hispanics, African Americans and American Indians or Alaska Natives make up 24 percent of the overall workforce, yet only account for 9 percent of the country’s science and engineering workforce. DOE seeks to inspire underrepresented Americans to pursue careers in energy and support their advancement into leadership positions. <https://www.energy.gov/articles/introducing-minorities-energy-initiative>.

¹³ Note that Congress recognized in section 305 of the American Innovation and Competitiveness Act of 2017, Public Law 114-329: “[I]t is critical to our Nation’s economic leadership and global competitiveness that the United States educate, train, and retain more scientists, engineers, and computer scientists; (2) there is currently a disconnect between the availability of and growing demand for STEM-skilled workers; (3) historically, underrepresented populations are the largest untapped STEM talent pools in the United States; and (4) given the shifting demographic landscape, the United States should encourage full participation of individuals from underrepresented populations in STEM fields.”

¹⁴ Note that Congress recognized in Section 10301 of the CHIPS and Science Act of 2022, Public Law 116-167: “[T]he Federal Government must utilize the full talent and potential of the entire Nation by avoiding undue geographic concentration of research and STEM education funding, encouraging broader participation of populations underrepresented in STEM, and collaborating with nongovernment partners to ensure the leadership of the United States in technological innovation.”

¹⁵ Minority Serving Institutions (MSIs), including Historically Black Colleges and Universities/Other Minority Institutions as educational entities recognized by the Office of Civil Rights (OCR), U.S. Department of Education, and identified on the [OCR’s Department of Education U.S. accredited postsecondary minorities’ institution list](#).

¹⁶ [Justice40 Initiative | Department of Energy](#)

Benefits include (but are not limited to) measurable direct or indirect investments or positive project outcomes that achieve or contribute to the following in disadvantaged communities: (1) a decrease in energy burden; (2) a decrease in environmental exposure and burdens; (3) an increase in access to low-cost capital; (4) an increase in job creation, the clean energy job pipeline, and job training for individuals; (5) increases in clean energy enterprise creation and contracting (e.g., minority-owned or disadvantaged business enterprises); (6) increases in energy democracy, including community ownership; (7) increased parity in clean energy technology access and adoption; and (8) an increase in energy resilience.

DOE strongly encourages states to maximize these benefits and describe how applicable project benefits will flow to disadvantaged communities to the greatest extent practicable. DOE has released [General Guidance on Justice40 Implementation](#) designed to help states and other interested parties incorporate Justice40 Initiative goals into DOE-funded projects. DOE will work with interested states to develop methods for identifying and tracking these benefits.

As a best practice, DOE's Office of Economic Impact and Diversity recommends that recipients develop and sustain procedures and systems that can easily track what benefits are flowing to specific communities or locations (e.g., connecting benefits accrued with zip codes, and/or census tracts). Tracking benefits will allow funding recipients to measure progress and ensure programs are meeting intended goals. Further analysis of this data can also be used to empower program designers and lawmakers with information that is often needed to update or create new programs that better assist communities most in need.

As part of its effort to ensure equity in the EE RLF Program, DOE released [DE-FOA-0002716 Request for Information: Designing Equitable, Sustainable, and Effective Revolving Loan Fund Programs](#). Respondents provided critical feedback on elements of revolving loan fund programs that will ensure equitable outcomes and expand access to energy efficiency financing to underserved communities. Recommendations from this Request for Information regarding equity informed this document and will continue to inform technical assistance provided to states as they design and implement revolving loan fund programs.

4.4 JOB GROWTH AND QUALITY

As an agency whose mission is to help strengthen our country's energy prosperity, DOE strongly supports efforts to invest in the American workforce. This includes investments that expand quality jobs by adopting labor standards; ensure workers have a free and fair chance to join a union; engage responsible employers; foster safe, healthy, and inclusive workplaces and communities; and develop a diverse workforce well-qualified to build and maintain the country's energy infrastructure and to grow domestic manufacturing.

DOE intends to support states in efforts to support good-paying jobs with the free and fair choice to join a union and support labor-management training partnerships, such as registered apprenticeships. In their project planning, states are highly encouraged to engage with labor unions and organizations that represent workers in these projects to ensure worker voice in the

design and execution of these projects and training opportunities. The Community Benefits Plan FAQ provide guidance on job quality.¹⁷

4.5 LESSONS LEARNED FROM SUCCESSFUL FINANCING PROGRAMS

DOE encourages states to consider lessons learned from established energy efficiency financing programs and from stakeholder input received as a part of the Request for Information (RFI) from DOE on this provision entitled, [DE-FOA-0002716 Request for Information: Designing Equitable, Sustainable, and Effective Revolving Loan Fund Programs](#). DOE encourages the following as appropriate to state needs and resources, and as subject to all Federal requirements:

- *Attract Private Capital* – De-risk private sector investment with credit enhancements, engage with secondary markets after loans are originated, and share loan portfolio performance data to send a market signal and attract additional private capital.
- *Find and Target Market Gaps* – Prioritize expanding access to financing for market segments with limited financing options. For the residential market, middle-income households with higher-than-average energy burden and poor credit often struggle to find low-cost financing.¹⁸ For the commercial market, small businesses including community-serving non-profits (e.g., food banks, youth centers) often struggle to find low-cost financing.
- *Use Available Support Infrastructure* – Take advantage of existing expertise and resources from ongoing finance program administration, and/or consider partnering with third-party service providers with experience in marketing, loan origination, and servicing. Coordinate with existing programs including utility rebate programs and financing programs (e.g., on-bill financing, commercial property assessed clean energy).
- *Build Partnerships* – Set aside time and resources to build lasting partnerships and marketing pathways that drive loan origination and expand the speed and scale of lending. This includes partnerships with contractors, utilities, credit unions, community development financial institutions, green banks, and other financial institutions.

4.6 TECHNICAL ASSISTANCE

DOE will work with states and other key stakeholders to design and provide technical assistance offerings as well as identify and disseminate best practices for RLF programs. Technical assistance will be as flexible as possible to address state-identified needs over time and will emphasize shared or readily accessible information (e.g., fact sheets, webinars). DOE technical assistance will include:

- Targeted, recurring training for states and their program partners;
- Access to tools and subject matter experts to support data-driven decision making;

¹⁷ [Community Benefits Plan Frequently Asked Questions \(FAQs\) | Department of Energy](#).

¹⁸ States must not supplant Weatherization Assistance Program (WAP) funding and are encouraged to refer all households that may be eligible for WAP to the WAP program.

- Access to subject matter experts and convenors to facilitate state-led stakeholder engagement and partnership building;
- Work products to inform program design (e.g., case studies, model transaction documents);
- Opportunities to convene with peers and subject matter experts to find solutions to persistent barriers and troubleshoot common challenges; and
- Assistance with navigating Federal requirements related to Build America, Buy America (BABA), Davis-Bacon Act, and the National Environmental Policy Act (NEPA), among other requirements.

5.0 FUNDING

Funding for all awards and future budget periods is contingent upon the availability of funds appropriated by Congress for the purpose of this program and the availability of future-year budget authority.

5.1 IIJA FORMULA ALLOCATIONS

Funding for this program will be allocated to states according to two separate allocation formulas. Per Section 40502(b) of the IIJA, 40% of the total funding is to be allocated to all states eligible for SEP funding according to the allocation formula established under [10 CFR Part 420.11](#). The remaining 60% of the total funding is to be allocated to Priority States according to a formula established by the Secretary of the Department of Energy. Per Section 40501, a Priority State is defined as a state that is:

- Eligible for funding under the State Energy Program, and
- Among the 15 states with the highest annual per-capita combined residential and commercial sector energy consumption, as most recently reported by the Energy Information Administration; or
- Among the 15 states with the highest annual per-capita energy-related carbon dioxide emissions by state, as most recently reported by the Energy Information Administration.¹⁹

¹⁹ The definition of Priority States for this program can be found in paragraph 1 of IIJA Section 40501. DOE used two data sets identified in this definition to establish the list of Priority States: (1) [State Energy Data System \(SEDS\), Table C14, Total Energy Consumption Estimates per Capita by End-Use Sector, Ranked by State, 2019](#) and (2) [Energy-Related CO2 Emission Data, Table 4, Per capita energy-related carbon dioxide emissions by state, 2019](#). The energy consumption data (Table C14) was adjusted to exclude energy consumption from the transportation and industrial sectors to align with the Priority State definition in IIJA Section 40501. A state that was in the top 15 of either adjusted data set was determined to be a Priority State.

DOE has determined a list of the following 23 Priority States listed in alphabetical order:

Alabama	Kentucky	Oklahoma
Alaska	Louisiana	South Dakota
Arkansas	Michigan	Tennessee
District of Columbia	Missouri	Texas
Illinois	Montana	Virginia
Indiana	Nebraska	West Virginia
Iowa	New Mexico	Wyoming
Kansas	North Dakota	

5.2 COST MATCH

Cost match is not required for the EE RLF Program funding provided by IIJA.

5.3 PROGRAM INCOME

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 with grant funds.
- The sale of commodities or items fabricated under a grant agreement.
- License fees and royalties on patents and copyrights.
- Payments of principal and interest on loans made with grant funds.

If the Recipient earns program income during the project period as a result of this Award, the Recipient must add the program income to the funds committed to the Award and used to further eligible project objectives.

(See [2 CFR Part 200.80](#) and [2 CFR Part 200.307](#) for further information.)

6.0 APPLICATION INSTRUCTIONS FOR THE ENERGY EFFICIENCY REVOLVING LOAN FUND CAPITALIZATION GRANT PROGRAM

6.1 OVERVIEW

The application package for SEP grants consists of the State Plan and a number of required forms. The State Plan is the heart of the application package. It is divided into three sections—the Budget, the Master File, and the Annual File (see [Section 6.3](#) below).

Applications must be submitted in accordance with the IIJA Energy Efficiency Revolving Loan Fund Capitalization Grant Program Administrative and Legal Requirements Document (ALRD). **The application due date is April 21, 2023.**

As a reminder, application documents, forms, and data submitted may be made available to the public at DOE's discretion following all applicable laws and regulations that protect confidential or proprietary information.

6.2 IIJA AWARDS

IIJA awards will consist of 5-year Project Period starting in FY23.

6.3 STATE APPLICATION

The State Application consists of:

- Standard Form 424 (Application form)
- Standard Form 424A (Budget summary)
- Budget Justification
- Annual File
- Master File – Application Questions
- Various certifications
- An indirect rate agreement (if applicable)
- An environmental questionnaire (if applicable).

Program regulations govern all funds budgeted in the State Application, whatever their source.

6.3 A. STANDARD FORM 424 (APPLICATION)

A completed and signed Standard Form 424 (SF424) containing current information must be submitted. Please ensure all sections have been updated to reflect any changes, including changes to the person to be contacted on matters involving the application and the authorized representative. States should select "New" in section 2.

The list of certifications and assurances referenced in Field 21 may be found here. Please verify compliance with Intergovernmental Review (SPOC List) (whitehouse.gov).

Once the SF424 is completed, add an attachment to the document **with the name, title, phone number, and email address for both the Principal Investigator and the Business Officer.**

6.3 B. STANDARD FORM 424A (BUDGET)

The budget includes Standard Form 424A Summary which includes a Budget Justification. Each of these forms should be completed following the guidelines set out below. Please note that a state receiving a capitalization grant under this program may use *not more than 10 percent* of the grant for administrative purposes.

IIJA and SEP regulations do not define the Administrative cost categories. Any expenditure, allowed by the Office of Management and Budget (OMB) cost principles, or by a Grantee or Subgrantee may be charged as Administrative cost. However, certain costs in this Program that are excluded from other categories can only be administrative. Grantee Administration and Subgrantee Administration are considered to be unique to each organization. The organization

must define its administrative costs consistent with the generally-accepted accounting practices and procedures within the organization.

- Indirect costs can be included in Grantee Administration and will be considered an allowable cost provided there is a federally approved indirect rate(s) or cost allocation plan. The indirect cost rate used may be approved by a federal department or agency other than DOE. See 2 CFR 200.414 Indirect (F&A) costs for more information. The rate/amount allowable does not invalidate the program budget category limits.

States may utilize a portion of their 10% administration funds to purchase software that facilitates the management and tracking of loans.

6.3 B.1. STANDARD FORM 424A: Applications must include a budget for all funds including DOE, or any other funds, if applicable. It should be completed as follows:

- Section A: Budget Summary Lines 1-4, Columns (a) through (g). On line 1, enter new DOE funds.
- Section B: Budget Categories. Separate column headings (with the same name as the rows in Section A) should be utilized for each funding source. The total in column g, Section A, must equal the total of all columns in Section B.

6.3 B.2 BUDGET JUSTIFICATION: The Budget Justification consists of a detailed explanation of the object class categories listed in line 6, Section B, of Standard Form 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., % of time) to be expended on the EE RLF Program, the base pay rate, and the total direct personnel compensation. Personnel must be direct costs to the project and not duplicative of personnel costs included in the indirect pool that is the basis of any indirect rate applied for this project.
- 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. Your 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 state-wide use, provide a copy with the SF424 Application.
- Travel: Provide the purpose of travel, such as professional conference(s), DOE sponsored meeting(s), project monitoring, etc. Identify the number of trips, and the destination/location if known. Provide the basis for the travel estimate such as past trips, current quotations, federal or state travel regulations, etc. All listed travel must be necessary or beneficial to the performance of the Energy Efficiency Revolving Loan Fund

Capitalization Grant Program. All foreign travel must be identified and requires pre-approval.

- **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 justify its need as it applies to the objectives of this award. Provide a basis of cost such as vendor quotes, catalog prices, prior invoices, etc. 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 this project.
- **Supplies:** Supplies are defined as items with an acquisition cost of \$5,000 or less or a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. List all proposed supplies and the estimated cost and briefly justify the need for the supplies as they apply to 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. Examples include vendor quotes, prior purchases of similar or like items, published price list, etc.
- **Contractual:** All sub-recipients, vendors, contractors and 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. Include the basis of cost for each item listed (competitive, historical, quote, catalog, etc.).
- **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 are conference fees, meetings within the scope of work, subscription costs, printing costs, etc., that can be directly charged to the project and are not duplicated in indirect (overhead) costs. Provide a general description, cost, and justification of need for each direct cost item. Provide a basis of cost for each item. Examples include vendor quotes, prior purchases of similar or like items, published price list, etc.
- **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.

6.3 C. MASTER FILE

The Master File must address each **mandatory** application question. The questions are:

1. How will the grant funds be used? Please include a detailed explanation describing whether the plan is to establish a new revolving loan fund or use an existing revolving loan fund. Additionally, please describe other federal or non-federal funds that the state is considering strategically deploying in coordination with these funds.
2. What is the need of eligible recipients for loans and grants in the state to conduct energy audits and retrofits? Please describe the basis for needing assistance and how the state is contemplating the use of loans vs. grants in meeting the needs of different types of eligible recipients in the building sub-sectors described in section 2.2 of this document.
3. In the case of a Priority State seeking a supplemental capitalization grant under subsection (b)(2): Please justify the need for supplemental funding.
4. What are the expected benefits that building infrastructure and energy system upgrades and retrofits will have on communities in the state?
5. How will mandatory metrics in section 6.3D of the application instructions (e.g., auditor's projection of energy savings, loan performance metrics) be collected?
6. What are the existing or potential partnerships the state will use to facilitate loan origination and servicing activities? Please describe the state's identified and preferred pathways to leverage capital (e.g., credit enhancements, utility rebates, and/or creative financing structures such as on-bill or C-PACE), estimated target leveraging ratio, as well as existing or potential partnerships to drive loan uptake, marketing, and stakeholder engagement. Partners may include but not be limited to utilities, financial institutions (including Community Development Financial Institutions), contractors, and other public or private organizations.
7. How will loans and grants be prioritized for disadvantaged communities as defined by DOE? Please include a description of existing or potential partnerships with financial institutions (e.g., Community Development Financial Institutions) as well as environmental justice and community groups, and the extent to which the program will promote consumer protections and meaningfully engage, and benefit, underserved communities.
8. How will loans and grants be used to maximize energy savings and greenhouse gas emissions reductions through deep retrofits, beneficial electrification, and other high-impact measures?
9. How will workforce resources and partnerships be leveraged for program implementation? Please describe existing or potential partnerships with audit training and certification organizations, youth corps, labor unions, Historically Black Colleges and Universities, minority serving institutions, non-profit organizations, colleges, and trade schools.
10. What technical assistance support from DOE will help address anticipated barriers the state may face? Please describe the barriers and desired outcomes from the technical assistance.

6.3 D. ANNUAL FILE

The Annual File section describes the program Activity for which the state requests financial assistance under the EE RLF Program, including budget information and milestones for each Activity, and the intended scope and goals to be attained either qualitatively or quantitatively.

The Annual File must account for all funds budgeted including funds for administrative Activities. The Annual File must include at least one metric for each Activity. Activities that are administrative only are exempt from this requirement.

When preparing the Annual File states should follow these steps:

1. Select Funding and/or Financing under *1. Activity*.
 - a. States can name their program under SEO Title.
2. If a state wants to have a separate activity for administrative activities (separate from the Funding and/or Financing Activity) a state should select Program Management under *1. Activity*.
3. Under *3. Sector* a state should select commercial or residential so that DOE can track the correct sector.
 - a. If a state has chosen to set up a commercial and a residential RLF, a state should create two separate activities to maintain the separation between the commercial and residential sectors.
4. A state should select any applicable Technology and Topic Areas under *4. Technology and/or Topic Areas*.

As program-wide performance indicators that are valuable to all SEP stakeholders, metrics are an important element of the EE RLF Program grant reporting. The best use of metrics is described in detail in Attachment 1 of [SEP Program Notice 10-006E](#), “DOE Reporting Requirements for the State Energy Program.” “Unpaired” metrics should be avoided. For example, if a state reports the number of buildings retrofitted, the square footage retrofitted must be included as well. DOE is working to identify metrics for future reporting on how states’ investments of DOE financial assistance impact such topics as energy equity and environmental justice and how they relate to disadvantaged communities.

For the EE RLF Program, a state **must** select the following mandatory metric areas (listed below) in each activity to ensure the state and DOE are capturing the necessary data of this program. A state may need to select other metric areas if applicable to a state’s particular program design. If a state chooses to utilize a portion of their funds for technical assistance, then the state should also choose metric area 10 along with metric area 3 and 4.

Metric Area 3: Energy Audits (**mandatory**)

- 3a. Energy audits, by sector
 - Number of investment grade audits (IGAs) performed
 - Number of non-investment grade audits (IGAs) performed

- Square footage of buildings/facilities audited
- Auditor’s projection of energy savings (kWh, therms, MMBTU, gallons of fuel, gallons of water)
- Average Daily Flow (MGD) of WWTF audited
- Number of projects started based on audits

Metric Area 4: Retrofits (**mandatory**)

- 4a. Buildings retrofitted, by sector
 - Number of buildings retrofitted
 - Square footage of buildings retrofitted
 - Estimated project savings (KWh, therms, gallons of fuel, gallons of water, dollars)
- 4b. Building automation systems (BAS) installed, by sector
 - Number of energy management systems installed
 - Square footage of buildings with systems installed
- 4c. Street lights retrofitted
 - Number of energy efficient streetlights installed
 - Estimated project savings (kWh)
- 4d. Water conservation retrofits made, by sector
 - Number of water conservation retrofits completed
 - Number of water management systems installed
- 4e. Wastewater treatment facilities retrofitted
 - Reduction in energy intensity (MMBTU/MG, MMBTU/kg BOD removed)
- 4f. Manufacturing re-tooling, process improvements
 - Number of facilities with manufacturing space repurposed for clean energy products
 - Square footage of manufacturing space repurposed for clean energy products
 - Number of manufacturing lines retrofitted
- 4g. Energy, water saved, by sector
 - Reduction in electricity consumption (MWh/year)
 - Reduction in water consumption (gallons/day)
 - Reduction in fuel oil consumption (gallons/year)
 - Reduction in natural gas consumption (MMcf/year)
 - Dollars saved

Metric Area 7: Financial Instruments (if applicable)²⁰

- 7a. Financial incentives provided, by sector and incentive type
 - Monetary value of financial incentives provided
 - Total value of investments incentivized
- 7b. Existing or new financial programs utilized/created, by sector and program type
 - Number of customers newly utilizing program

²⁰ Metric Area 7: Financial Instruments. Metric 7c Loans and Grants by sector should **NOT** be included in an Activity as a metric as this metric is pre-populated into the Quarterly Performance Report (QPR) for all EE RLF awards.

- Private dollars leveraged
- Total dollars invested as a result of financial mechanism
- Projected energy, cost savings
- Number of financial programs developed or updated
- 7d. Energy Savings Performance Contracts, by sector
 - Number of contracts signed
 - Dollar value of contracts signed
 - Projected savings (kWh/year)
- 7e. Energy Investment Partnerships/Green Banks
 - Number of projects funded
 - Total monetary value of projects funded

Metric Area 8: Renewable Energy Market Development (if applicable)

- 8c. Ground source geothermal systems installed
 - Number of ground source geothermal systems installed
 - Total capacity of ground source geothermal systems installed (tons)
- 8e. Solar photovoltaic (PV) electric systems installed
 - Number of solar PV electric systems installed
 - Total capacity of solar PV electric systems installed (kW)
- 8g. Renewable thermal systems installed
 - Number of solar thermal systems installed
 - Total capacity of solar thermal systems installed (square feet)
 - Number of other renewable thermal systems installed
 - Total capacity of other renewable thermal systems installed (Btu/hr)
- 8h. Other renewable electric systems installed
 - Number of other renewable systems installed
 - Total capacity of other renewable systems installed (kW)

Metric Area 10: Training and Education/Technical Assistance (if applicable)

- 10a. Education and outreach conducted
 - Number of contacts reached via webinars, site visits, fact sheets, or other
 - Number of workshops, training, and education sessions held
 - Number of people attending workshops, training, and education sessions
- 10b. Technical assistance provided
 - Number of participants
- 10c. Workforce development
 - Number of people trained
 - Number of professional certifications achieved
 - Jobs retained (Full Time Equivalent)
 - Jobs created (Full Time Equivalent)

Metric Area 11: Other (administrative or energy storage systems, if applicable)

- 11d. Energy storage systems
 - Number of battery storage systems installed
 - Total capacity of battery systems installed (kW)
 - Number of thermal storage systems installed
 - Total capacity of thermal storage systems installed (KBtu/hr)
- 11e. Combined heat and power (CHP)
 - Number of CHP screenings completed
 - Number of feasibility studies completed
 - Number of CHP Systems installed (technology and/or fuel type)
 - Capacity of CHP systems installed (MW)
 - Thermal output of CHP systems installed

For each Activity, states should identify all funding sources and the dollar amounts allocated. The sum of the budgets of each Activity must equal the totals in Section A of the SF424A.

6.3 E. MANDATORY REQUIREMENTS

Timeframe for Use of Capitalization Grants

Per IJIA Section 40502(d)(2), a state must begin using a capitalization grant not more than **180 days after the date on which the grant is received**. While a state does not have to make a loan within 180 days, it must have loans available (i.e., be prepared to start accepting and processing applications) or issue a grant within the first 180 days of award.

If your state has special circumstances that preclude it from meeting the 180-day deadline described above, please contact your Project Officer to discuss options for moving forward with your award.

Energy Audit, Retrofit, and Upgrade Requirements

For loans and grants provided through this program, mandatory and optional requirements for eligible activities are laid out in IJIA Section 40502 (e) and described in the table below.

Required and Optional Elements of Qualifying Energy Efficiency Audits and Upgrades

Commercial Energy Audits	<i>REQUIRED</i>	<ul style="list-style-type: none"> • Determine the overall consumption of energy of the facility of the eligible recipient. • Identify and recommend lifecycle cost-effective opportunities to reduce the energy consumption of the facility of the eligible recipient. • Identify the period and level of peak energy demand for each building within the facility of the eligible recipient and the sources of energy consumption that are contributing the most to that period of peak energy demand. • Recommend controls and management systems to reduce or redistribute peak energy consumption. • Estimate the total energy and cost savings potential for the facility of the eligible recipient if all recommended upgrades and retrofits are implemented, using software approved by DOE.²¹
	<i>OPTIONAL</i>	<ul style="list-style-type: none"> • Recommend strategies to increase energy efficiency of the facility of the eligible recipient through use of electric systems or other high-efficiency systems utilizing fuels, including natural gas and hydrogen.
Residential Energy Audits	<i>REQUIRED</i>	<ul style="list-style-type: none"> • Use the same evaluation criteria as the Home Performance Assessment used in the Energy Star program.²² • Identify and recommend lifecycle cost-effective opportunities to reduce the energy consumption of the facility of the eligible recipient. • Recommend controls and management systems to reduce or redistribute peak energy consumption. • Compare the energy consumption of the residential building of the eligible recipient to comparable residential buildings in the same geographic area. • Provide a Home Energy Score, or equivalent score (as determined by the Secretary),²³ for the residential building of the eligible recipient by using DOE’s Home Energy Score Tool or an equivalent scoring tool.
	<i>OPTIONAL</i>	<ul style="list-style-type: none"> • Recommend strategies to increase energy efficiency of the facility of the eligible recipient through use of electric systems or other high-efficiency systems utilizing fuels, including natural gas and hydrogen.
Commercial and Residential Upgrades and Retrofits	<i>REQUIRED</i>	<ul style="list-style-type: none"> • Recommended in the qualifying commercial energy audit or residential energy audit, as applicable, completed for the building or facility of the eligible recipient. • Satisfy at least 1 of the criteria in the Home Performance Assessment used in the Energy Star program (residential only). • Are life-cycle cost-effective. • Improve, with respect to the building or facility of the eligible recipient, <i>at least one</i> of the following: <ul style="list-style-type: none"> ○ The physical comfort of the building or facility occupants. ○ The energy efficiency of the building or facility. ○ The quality of the air in the building or facility. • Lead to <i>at least one</i> of the following outcomes: <ul style="list-style-type: none"> ○ Reduce the energy intensity of the building or facility of the eligible recipient. ○ Improve the control and management of energy usage of the building or facility to reduce demand during peak times.

²¹ See “Software Requirements” below.

²² The Energy Star Program as established by [42 U.S.C. 6294a](#). Additional information on the Home Performance Assessment can be found [here](#).

²³ See “Software Requirements” below.

If a loan or grant recipient chooses to do a combination of upgrade or retrofit projects, the projects must collectively satisfy the mandatory criteria set forth above and not individually. However, any upgrade or retrofit project must be recommended in the audit. Below are two examples of combination upgrade or retrofit projects that potentially are eligible if satisfying all of the criteria set forth above:

1. If an audit recommends the following and recipient chooses to implement all, and if collectively they will satisfy the required criteria for commercial and residential upgrades and retrofits then the following packages are allowable:
 - a. Solar PV + battery storage
 - b. Heat pumps + Smart Thermostat
 - c. Air Sealing + Insulation + Building Ventilation
2. If an audit recommends pre-requisite measures (e.g. outdated wiring or electric panels) this is allowable as part of the combination of measures, not as an individual measure.

DOE encourages states to prioritize heat pumps and heat pump water heaters (HPWHs) in their program design. For example, states can encourage adoption of heat pumps and HPWHs by training and incentivizing auditors to consider the technology in audits, and potentially, by incentivizing the technology through improved loan terms (e.g., lower interest rates, higher borrowing limits). Heat pumps and HPWHs are high-efficiency and low-carbon solutions for the two largest energy end-uses: space heating and cooling and water heating. Heat pumps provide the best-available technology to reduce greenhouse gas emissions from on-site fuel combustion and other heating and cooling technologies. When coupled with demand response programs or time-varying rates that appropriately value the load shaping that heat pumps and HPWHs can provide (through smart, grid-connected functionality and automation), these technologies can provide substantial cost savings to the customer.

Regarding the life-cycle cost-effectiveness requirement, states are encouraged to calculate in a manner that best suits their program, market being served, and available data sources. For the cost-effectiveness calculation, states are strongly encouraged to include at least life-cycle energy savings as well as the cost of energy efficiency measures. Further, states may opt to calculate cost-effectiveness with additional quantifiable factors such as interest payments over the life of the loan, the social cost of carbon, and health benefits.

States may also use up to 25% of funding provided by DOE for grants and technical assistance to pursue the same set of activities laid out in the table above. However, only businesses with fewer than 500 employees and low-income individuals who own a residential building may receive such grants. See [2.2 ELIGIBLE RECIPIENTS](#) for more information on eligibility for loans, grants, and technical assistance. To maximize leveraging of private capital with available funds, states are encouraged to use grants judiciously and to prioritize loans. DOE encourages states to utilize the 25% allowable grants and technical assistance portion of their capitalization grants to incentivize low-income residential owners to install heat pumps and heat pump water heaters in conjunction with weatherization measures where appropriate.

Loan Term Requirements

Per IIJA Section 40502(e)(2)(C)(iii), loans provided under the EE RLF Program must be fully amortized by the **earlier** of the following:

- The year in which the upgrades or retrofits carried out using the loan exceed their expected useful life.²⁴
- 15 years after the upgrades or retrofits are installed.

States may set shorter amortization periods than described above for loans provided under the EE RLF Program, but loan amortization periods must not exceed the statutory maximum of 15 years described above.

Software Requirements

Commercial energy audits financed through the EE RLF Program must estimate the total energy and cost savings potential for the facility of the eligible recipient if all recommended upgrades and retrofits are implemented, using software approved by DOE.²⁵

- *DOE recommendation:* Use the [Audit Template](#) software for audits of commercial and multifamily buildings to accomplish ASHRAE Level II Audits.²⁶
- *Require use of software that uses [BuildingSync](#)* (e.g., a standard format for conveying data), which is used by multiple energy audit software tools.²⁷ For information on industry collaborators and current adopters of BuildingSync, please refer to <https://buildingdata.energy.gov/#/building-sync/collaborators>.

Residential energy audits financed through the EE RLF Program must use the evaluation criteria as the [Home Performance Assessment](#) used in the Energy Star program and provide a Home

²⁴ In the case of a loan being used to fund multiple upgrades or retrofits, the longest-lived upgrade or retrofit shall be used to calculate the year in which the upgrades or retrofits carried out using the loan exceed their expected useful life.

²⁵ IIJA Section 40502(e)(2)(A)(ii), subclauses (III) and (VI), state that commercial energy audits financed with loans and grants under the program shall, among other things:

“(III) estimate the energy and cost savings potential of the opportunities identified in subclause (II) using software approved by the Secretary;

...

(VI) estimate the total energy and cost savings potential for the facility of the eligible recipient if all recommended upgrades and retrofits are implemented, using software approved by the Secretary.”

²⁶ While multifamily buildings are classified as residential buildings under IIJA Section 40502, the Home Energy Score audit methodology for residential buildings is not applicable for multifamily buildings. As such, and pursuant to DOE’s authority under Section 40502(e)(2)(B)(ii)(V) to identify an “equivalent scoring tool” to the Home Energy Score, DOE recommends that audits of multifamily buildings follow the requirements laid out for commercial energy audit software.

²⁷ Commercial energy audit software tools using BuildingSync: ASHRAE, Audette, BrightPower, Buldee, AECOM, PSD, Maalka, Brand New Box, [& others](#).

Energy Score, or equivalent score, for the residential building of the eligible recipient by using DOE's Home Energy Score Tool, or an equivalent scoring tool.²⁸

- *DOE recommendation:* Use the [Home Energy Score Tool](#) for audits of residential buildings, not including multifamily buildings.²⁹
- *Residential energy auditors may enter data into the Home Energy Scoring Tool directly to comply with this requirement or may use a software tool that is connected to the Home Energy Scoring Tool through an Application Programming Interface (API). For more information on API-compliant software providers, please refer to [Partner Resources | Better Buildings Initiative \(energy.gov\)](#).*

6.3 F. EXPENDITURE PROHIBITIONS, LIMITATIONS, AND ALLOWANCES

Prohibitions:

- States may not pool loan funds across multiple states. States are expected to use their capitalization grants within their states.³⁰

Limitations:

- States may use no more than 25 percent of the funding provided by DOE under this program to provide grants or technical assistance to eligible entities for activities described in the [MANDATORY REQUIREMENTS](#) section of this document.
- States may use no more than 10 percent of the funding provided by DOE under this program for administrative expenses.
- Funds may be used to supplement, and no funds may be used to supplant, weatherization activities under the Weatherization Assistance Program for Low-Income Persons.
- Commercial and residential audits, upgrades, and retrofits financed through this program *must* satisfy the criteria set forth in IJJA and described in the [MANDATORY REQUIREMENTS](#) section of this document in order to be eligible.
- States must document their NEPA and National Historic Preservation Act (NHPA) Section 106 determinations for DOE review.
- During the award period, repayments (both interest and capital) are program income which must be put back into the award for re-use. See 2 CFR 200.307(e).

²⁸ IJJA Section 40502(e)(2)(B)(ii), subclause (V), states that residential energy audits financed with loans and grants under the program shall, among other things, “provide a Home Energy Score, or equivalent score (as determined by the Secretary), for the residential building of the eligible recipient by using the Home Energy Score Tool of the Department or an equivalent scoring tool.”

²⁹ Ibid.

³⁰ States may enter into a multi-state agreement to share a service provider(s). Each state's funds must be tracked at the state level and must not comeingle.

Allowances:

- States may co-lend with financial institutions, endowments, and philanthropic organizations. For loans with multiple parties (e.g., state RLF and private capital), private capital is not subject to Federal requirements. Non-Federal funds should be maintained and accounted for separately from Federal funds.
- States may sell loans or a loan portfolio to the secondary market. States retain responsibility of Federal reporting and compliance.
- States may prohibit pre-payment penalties on loans.
- Loan loss reserves and other credit enhancements are allowable.
- Public buildings are eligible under the commercial definition.

6.3 G. OTHER FORMS

The following files should be submitted as attachments with your application if applicable:

- Indirect Rate Agreement or Rate Proposal.
- Certifications regarding Lobbying (SF-LLL Disclosure Form to report lobbying).
- A document providing the name, phone number, and email address of the Principal Investigator and Business Officer.

6.3 H. NATIONAL ENVIRONMENTAL POLICY ACT INFORMATION

DOE must comply with NEPA prior to authorizing the use of Federal funds. DOE must also consider the effects on historic properties, pursuant to Section 106 of NHPA. Additionally, DOE must consider the impacts to floodplains and wetlands, pursuant to [10 CFR Part 1022— Compliance with Floodplain and Wetland Environmental Review Requirements](#). To streamline these required reviews, DOE carries out each of these reviews under the umbrella of its NEPA review. States should review and follow the NEPA determination in their award documents for restrictions, and the list of activities that have been categorically excluded from further NEPA review.

DOE has developed a NEPA training website with PowerPoint presentations, sample template documents, (including a NEPA log, project scope of work, and a project layout), word document of an Environmental Questionnaire-1 (EQ1) and an EQ1 submission guide. States are responsible for reviewing the online NEPA training and sample documents [NEPA Training](#), prior to initiating projects and contacting NEPA with any questions at GONEPA@ee.doe.gov. Subgrantees and 3rd party loan administrators are also encouraged to review the training website.

All states but Guam have a DOE executed Historic Preservation Programmatic Agreement (PA) for historic preservation compliance. Guam does NOT have a Historic Preservation PA and must follow the added restrictions in the NEPA determination to ensure historic preservation compliance. All the state's Historic Preservation PAs and amendments can be found [here](#).

There are two paths to complete a NEPA review for EE RLF projects: 1) states determine and document that a project falls within a Bounded Category (see your NEPA determination for the

complete list of Bounded Categories and restrictions), or 2) states determine a project does not fit within a Bounded Category and submit an EQ1 in the Project management Center for DOE to complete a NEPA review. States will receive approval from a DOE Contracting Officer with a NEPA determination for their records. Both paths require a documented NEPA review. DOE has developed a NEPA log as a tool to assist states in documenting that their projects fit within the Bounded Categories. A sample NEPA log can be found at www.energy.gov/node/4816816.

Most Bounded Categories are more restrictive than the Categorical Exclusion. The restrictions must be followed for the Bounded Category to be applicable.

The following list of Bounded Categories of activities is applicable to states with a DOE executed Historic Preservation PA. All the Historic Preservation PAs and amendments can be found [here](#). The activities in the Bounded Categories may be slightly different than the activities in the NEPA determination. The NEPA determination included with each state's award documents must be followed. All project activities funded under the Energy Efficiency Revolving Loan Fund Capitalization program (EE RLF) must be listed within the NEPA determination or states must submit an EQ1 in the Project Management Center (<https://www.eere-pmc.energy.gov/NEPA.aspx>).

Bounded Categories:

1. Administrative activities associated with management of the designated State Energy Office and management of EE RLF to encourage energy efficiency and renewable energy.
2. Development and implementation of outreach strategies for EE RLF effort to encourage energy efficiency and renewable energy including facility energy audits.
3. Development and implementation of programs and strategies to encourage energy efficiency and renewable energy such as policy development and stakeholder engagement.
4. Residential and commercial energy analysis and monitoring, including energy use assessments involving building monitoring equipment and smart thermostats.
5. Installation of commercially available retrofit/upgrade measures to improve air quality, energy, and/or water efficiency in existing buildings or facilities of the eligible recipient, based on energy audit recommendations, provided that projects adhere to the requirements of the respective state's DOE executed Historic Preservation PA, are appropriately sized, and are limited to:
 - a. Insulation applied to building structures, ducts, hot water heater tanks, and heating pipes.
 - b. Air sealing applied to building structures and/or ducts.
 - c. Programmable and smart thermostats.
 - d. Installation of energy efficient lighting.
 - e. Upgrading, retrofitting, tuning, repairing, and/or replacing of existing heating, ventilation, and air conditioning (HVAC) equipment.
 - f. Repairing and/or replacing water heating system equipment.

- g. Energy or water monitoring and control systems.
 - h. Retrofitting, repairing, and/or replacing of windows and doors, including installation of energy efficient storm windows and energy-saving window attachments.
 - i. Retrofitting or replacing of energy efficient pumps and motors for uses such as wastewater treatment plants, where it would not alter the capacity, use, mission, or operation of an existing facility.
 - j. Installation of Combined Heat and Power System—systems sized appropriately for the buildings in which they are located, not to exceed peak electrical production at 300kW).
6. Development, implementation, and installation of onsite renewable energy/energy efficiency technology from renewable resources, provided that activities adhere to the requirements of the respective state’s DOE executed Historic Preservation PA, are installed in or on an existing structure or within the boundaries of a facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, are appropriately sized, and are limited to:
- a. Solar Electricity/Photovoltaic—not to exceed 60 kW.
 - b. Installing and/or repairing solar thermal systems, including solar thermal hot water systems that are 200,000 BTU/hour or smaller in size.
7. Installing, repairing, or optimizing use of energy storage systems, including electrochemical and thermal storage systems, provided that projects adhere to the requirements of the respective state’s DOE executed Historic Preservation PA are installed in or on an existing structure or within the boundaries of a facility (defined as an already disturbed area due to regular ground maintenance), do not require structural reinforcement, no trees are removed, and are appropriately sized not to exceed 400kWh.

States shall adhere to the restrictions of their DOE executed Historic Preservation.

As outlined above, Guam does not have a DOE executed Historic Preservation PA. The Bounded Categories in Guam’s NEPA determination would be more restrictive than the NEPA determination for a state with a Historic Preservation PA. Guam must follow the restrictions in their NEPA determination or submit an EQ1 in the Project Management Center (<https://www.eere-pmc.energy.gov/NEPA.aspx>) for DOE review of projects that do not comply with the restrictions of their NEPA determination.

State are responsible for identifying and promptly notifying DOE of extraordinary circumstances, cumulative impacts, or connected actions that may lead to significant impacts on the environment, or any inconsistency with the “integral elements” (as contained in 10 C.F.R. Part 1021, Appendix B) as they relate to a particular Project; compliance with Section 106 of NHPA, and [10 CFR Part 1022.4](#)—Compliance with Floodplain and Wetland Environmental Review Requirements, as applicable.

States must document all activities (e.g., a NEPA log) to ensure compliance with the restrictions of the Bounded Categories in the NEPA determination. The documentation must be available for DOE review upon request and be submitted quarterly to GONEPA@ee.doe.gov.

States must adhere to the requirements included in the “Historic Preservation” term included in the Special Terms and Conditions of the financial assistance agreement.

DOE is required to consider floodplain management and wetland protection as part of its environmental review process (Subpart B of [10 CFR 1022](#)). As part of this required review, DOE determined requirements set forth in Subpart B of [10 CFR 1022](#) are not applicable to the activities described in Bounded Categories 1–5j above that would occur in a floodplain or wetland because the activities would not have short-term or long-term adverse impacts to the floodplain or wetland. These activities are administrative or minor modifications of existing facilities to improve environmental conditions. All other integral elements and environmental review requirements are still applicable. All projects (except those under Bounded Categories 1–5j) must document that project activities do not occur in a floodplain or wetland. If the project activities do occur in a floodplain or wetland (except those under Bounded Categories 1–5j), those project activities are subject to additional NEPA review and approval by DOE.

For activities/projects requiring additional NEPA review, states must complete an EQ1 at <https://www.eere-pmc.energy.gov/NEPA.aspx> for review by DOE.

6.4 APPLICATION FORMAT AND CHANGES

6.4 A. CONTENT AND FORM OF APPLICATION

The State Plan application must be submitted via the PAGE online system [here](#).

From the Home PAGE, select ‘Create New Application.’ Once the plan has been completed, be sure to validate and submit the plan.

6.4 B. OTHER SUBMISSION AND REGISTRATION REQUIREMENTS

Submission of application documents and award documents, including modifications, through electronic systems used by the DOE, including PAGE and FedConnect, constitutes the authorized representative’s approval and acceptance of the terms and conditions of the award. Award acknowledgement via FedConnect constitutes the authorized representative’s electronic signature.

6.4 C. QUESTIONS/AGENCY CONTACTS

Questions relating to the registration process, system requirements, how an application form works, or the submittal process must be directed to the PAGE hotline at 866-492-4546, or page-hotline@ee.doe.gov. States should contact their respective Project Officer on state-specific questions. Below is a list of current DOE Project Officers assigned to each state.

<u>States</u>	<u>Project Officer</u>	<u>E-Mail</u>	<u>Telephone</u>
Alabama, New Hampshire	Pete Davis	pete.davis@ee.doe.gov	720-356-1606
Hawaii, Louisiana, South Carolina, Texas, West Virginia	Monica Andrews	Monica.andrews@ee.doe.gov	202-236-6541
Alaska, American Samoa, Guam, Michigan, Montana, Northern Marianas, Oregon, Washington	Kelsie Bell	kelsie.bell@ee.doe.gov	720-356-1643
Arizona, Idaho, Maine, Maryland, Massachusetts, New Mexico, Pennsylvania, Rhode Island, Vermont	Henry Fowler	henry.fowler@ee.doe.gov	720-356-1595
Colorado, Florida, Nebraska, Oklahoma, Puerto Rico, Tennessee, Virgin Islands	Pete Gingrass	pete.gingrass@ee.doe.gov	720-356-1314
California, Connecticut, Iowa, Minnesota, Nevada, Utah	Julie Howe	julie.howe@ee.doe.gov	720-356-1628
Georgia, Kansas, Kentucky, Mississippi, North Dakota, South Dakota, Wyoming	John Merenda	john.merenda@ee.doe.gov	720-356-1620
Arkansas, Missouri, New York, Ohio, Virginia	Jason Nguyen	Jason.nguyen@ee.doe.gov	970-248-6707
Delaware, District of Columbia, Illinois, Indiana, New Jersey, North Carolina, Wisconsin	Megan Plog	megan.plog@ee.doe.gov	240-562-1664

6.5 REPORTING REQUIREMENTS

Reporting requirements are identified on the Financial Assistance Reporting Checklist (FARC), DOE EERE 355, attached to the award agreement.

As required in paragraph (i) of IIJA Section 40502, each state that receives a capitalization grant under this program shall, not later than 2 years after a grant is received, submit to the Secretary a report that describes:

- The number of recipients to which the state has distributed—
 - Loans for
 - Commercial energy audits under subsection (e)(2)(A) of IIJA Section 40502;
 - Residential energy audits under subsection (e)(2)(B) of IIJA Section 40502;
 - Energy upgrades and retrofits under subsection (e)(2)(C) of IIJA Section 40502; and
 - Grants under subsection (e)(3) of IIJA Section 40502; and
- The average capital cost of upgrades and retrofits across all commercial energy audits and residential energy audits that were conducted in the state using loans provided by the state under subsection (e) of IIJA Section 40502.

Please see the EE RLF Two Year Report Template, which is an attachment to this Program Notice.

Additionally, states will report quarterly utilizing the Performance and Accountability for Grants in Energy (PAGE).

The awards initiated since 10/1/2010 are subject to the requirement of Reporting Subawards and Executive Compensation at <https://www.fsr.gov>. Please see Part V.C. of the Administrative and Legal Requirements Document (ALRD) for additional information.

6.6 FEDERAL CHARACTER OF FUNDS

The federal character of this money will not remain in perpetuity. At the end of the award, a closeout agreement will be negotiated that will contain minimum terms for the continued use of the RLF, and this agreement will replace the Federal grant agreement. DOE intends to issue additional guidance during FY23 to provide more comprehensive guidance on this process.

6.7 REJECTION OF FUNDS

States that choose to not apply for this program and therefore refuse their allocated formula funding under Section 40502 must sign and send a completed Template for Declining Funds (included in the Reference Material of this document) to their respective Project Officer indicating this decision to the Department of Energy by the application due date on the ALRD. By signing this document, the State Energy Office signifies its understanding that its allocation will be redistributed to other State Energy Offices that applied for Section 40502.

7.0 CONCLUSION

As the State Energy Program and its partners continue to draw on federal appropriations and the valuable lessons and benefits learned throughout the years, DOE looks forward to continuing to work with its state partners to implement effective SEP programs.

AnnaMaria Garcia, Associate Director
Office of State and Community Energy Programs
U.S. Department of Energy
Office of the Under Secretary for Infrastructure

REFERENCE MATERIAL

[EE RLF IIJA Administrative and Legal Requirements Document](#)

[EE RLF IIJA Formula Allocations](#)

[EE RLF IIJA Formula Award Application Checklist](#)

[EE RLF IIJA Two-Year Report Template](#)

[EE RLF IIJA Template for Declining Funds](#)