

U.S. DEPARTMENT OF
ENERGY

Office of
**ENERGY EFFICIENCY &
RENEWABLE ENERGY**

What Can I Spend My State Energy Program Funds On?

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State Energy Program (SEP)

October 2017



Presentation Topics

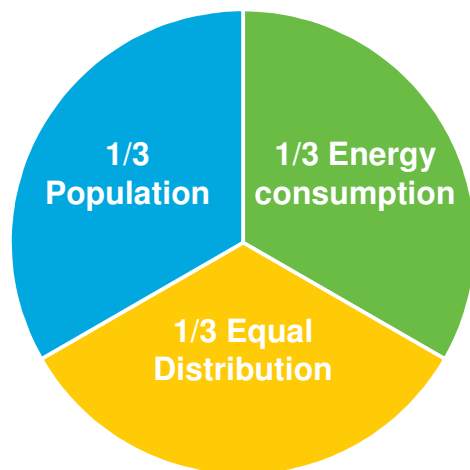
- ✓ **SEP Formula Grant Allocations**
- ✓ **SEP Mandatory Activities**
- ✓ **SEP Eligible Activities**
- ✓ **Demonstrations**
- ✓ **Prohibited Activities**
- ✓ **Surprise!**
- ✓ **Q & A**

Allocation of Funds Among the States (Ch.1, p.8)

FORMULA BREAKDOWN

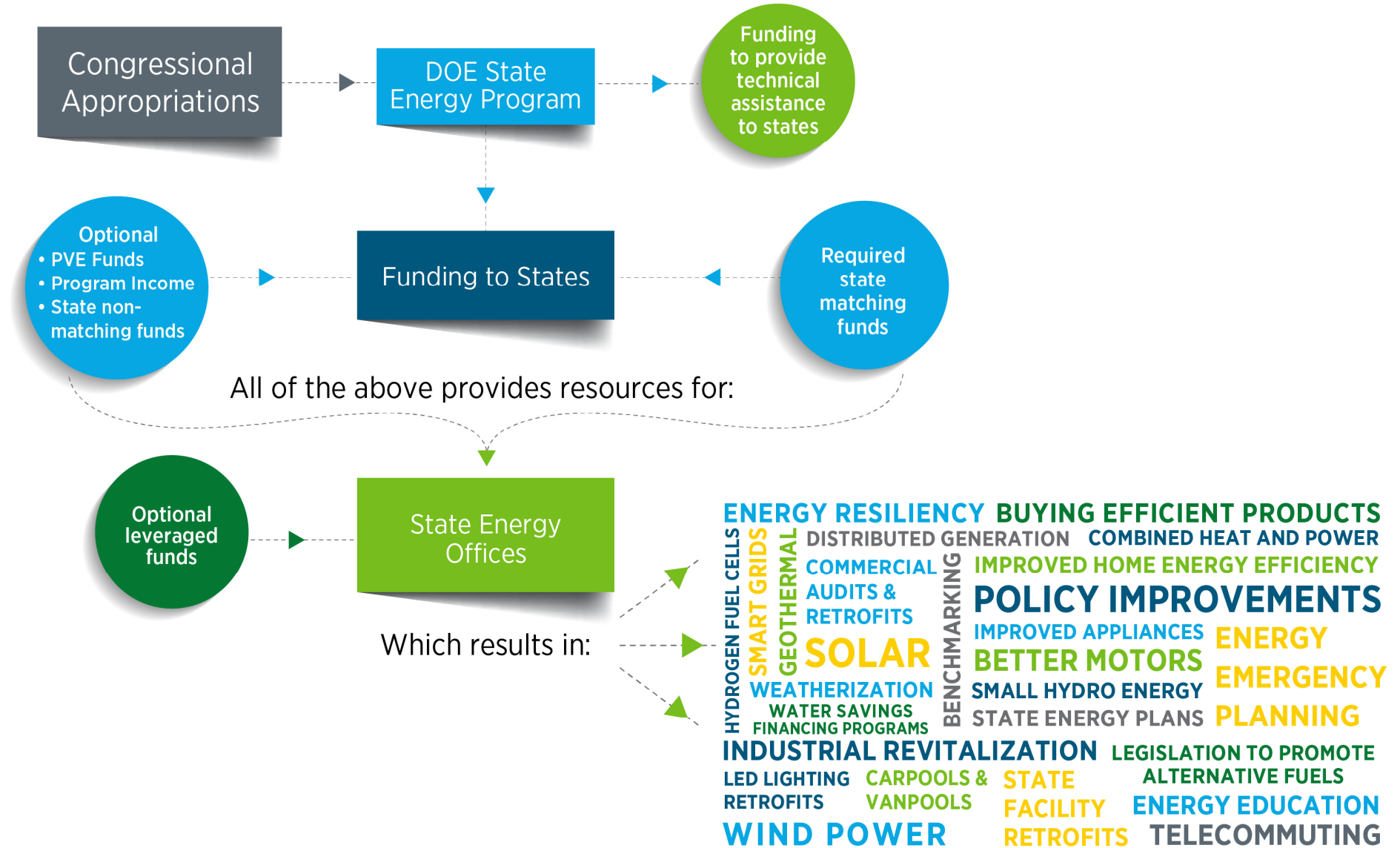
The total, annual formula funds available to the program are allocated to states according to the following formula as written in the program's regulations:

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 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.
3. If the available funds **EXCEED** \$25.5 million, \$25.5 million shall be allocated as specified in [10 CFR 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; and
- 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.

State Energy Program Funding & Results (Ch.1, p.9)



Mandatory Requirements (Ch. 2, p.17)

The following activities and details on compliance are required in each State Plan as specified in [10 CFR 420.15](#):

- 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; and
- Ensure effective coordination among various local, state, and federal programs within the state that pertain to energy efficiency, renewable energy, and alternative transportation fuel.

Mandatory Requirements–Energy Emergencies

- **Congress strengthened the energy emergency elements of SEP** through the State Energy Programs Improvement Act of 1990 (P.L. 101-440) to include the following provision (found at 42 U.S.C. 6323(e): *“(1) Effective October 1, 1991, to be eligible for Federal financial assistance pursuant to this section, a State shall submit to the Secretary, as a supplement to its energy conservation plan, an energy emergency planning program for an energy supply disruption, as designed by the State consistent with applicable Federal and State law. The contingency plan provided for by the program shall include an implementation strategy or strategies (including regional coordination) for dealing with energy emergencies. The submission of such plan shall be for informational purposes only and without any requirement of approval by the Secretary. (2) Federal financial assistance made available under this part to a State may be used to develop and conduct the energy emergency planning program requirement referred to in paragraph (1).”*
- This change is reflected under [10 CFR 420.14](#) which requires a state’s application to include an energy emergency plan, among other elements.
- Energy emergency planning and preparedness, sometimes called “energy assurance,” is an allowable activity under the SEP Formula, and a plan of some type has been a requirement for receipt of funding since 1990.

Energy Emergency Planning

- In most states, State Energy Offices are one of the key agencies preparing for and responding to energy emergencies, particularly in the area of liquid fuels.
- Energy emergency plans should address "all hazards" and "all fuels."
- The U.S. Department of Energy and NASEO have developed extensive energy emergency (or energy assurance) planning guidance documents and resources to assist states.
- The Co-Chair of the NASEO Energy Security Committee put it best: *Georgia's energy assurance planning activities leverage SEP funds to help ensure the local, state, and federal governments are coordinating planning and response efforts with the private sector. This is accomplished through the formation of energy assurance plans as a part of the SEP, and performed through the federal Emergency Support Function #12 – Energy (ESF-12). We leverage local, state, federal, and private-sector resources to make our state more resilient to energy disruptions that can ripple across the economy and threaten public safety.*

Eligible Program Activities (Ch. 2, p.18)

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

- Program activities of public education to promote energy efficiency, renewable energy, and alternative transportation fuels;
- Program activities to increase transportation energy efficiency, including programs to accelerate the use of alternative transportation fuels for government vehicles, fleet vehicles, taxis, mass transit, and privately owned 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 to promote energy efficiency in residential housing, such as program activities for development and promotion of energy efficiency rating systems for newly constructed housing and existing housing;
- 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 to support industrial energy efficiency and combined heat and power; and
- Program activities to promote the adoption of integrated energy plans.

Demonstration Projects

Demonstrations of commercially available energy efficiency or renewable energy techniques and technologies are permitted, and are not subject to the prohibitions of 420.18(a)(1), or to the limitation on equipment purchases of 420.18(b).

Demonstration Projects must have the following:

- Defined target audience and a plan to inform the target audience.
- Cannot contain any aspect that would be construed as research and development.
- Energy and cost benefit analysis of implementing the demonstration.
- A comprehensive monitoring and evaluation plan.



Prohibited Uses of SEP Funding (Ch.1, p.13)

The SEP is subject to regulations regarding the types of projects that can be implemented. Some projects are prohibited, depending on the funding source as specified in [10 CFR 420.18](#). 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 utility rate demonstrations or state tax credits for energy conservation or renewable energy measures; and
- 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.

ALLOWABLE OR NOT ???

1. Program activities to provide support for pre-feasibility and feasibility studies for projects that utilize renewable energy and energy efficiency resource technologies in order to facilitate access to capital and credit for such projects?
2. Subsidize fares for public transportation?
3. Program activities to quantify the co-benefits of energy efficiency and renewable energy, including improvements in air quality, reductions in greenhouse gas emissions, and improvements in public health and economic development?

ALLOWABLE OR NOT ???

4. 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?

5. Loan programs and performance contracting programs for leveraging of additional public and private sector funds and program activities which allow rebates, grants, or other incentives for the purchase of energy efficiency measures and renewable energy measures?

Questions?
THANK YOU