

U.S. DEPARTMENT OF  
**ENERGY**

Office of  
**ENERGY EFFICIENCY &  
RENEWABLE ENERGY**

# Everything You Wanted to Know About Federal Regulations But Were Afraid to Ask

## Part I: A brief legislative history

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# Catalyst for Conservation

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The energy crisis of the 1970s resulted in a national increase in awareness of America's dependence on foreign oil and demonstrated the need for unified energy planning within the federal government. The 1973 oil crisis began in October 1973 when the members of the Organization of Arab Petroleum Exporting Countries proclaimed an oil embargo. By the end of the embargo in March 1974, the price of oil had risen from \$3 per barrel to nearly \$12. The embargo caused an oil crisis, or "shock", with many short- and long-term effects on global politics and the global economy. It was later called the "first oil shock". It resulted in the passage of the Energy Policy and Conservation Act (covered later). In 1979 another oil crisis occurred and was termed the "second oil shock." and the price of oil more than doubled to \$39.50 per barrel.

# Creation of DOE

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The energy crisis of the 1970s demonstrated the need for unified energy planning within the federal government.

On August 4, 1977, President Jimmy Carter signed the U.S. Department of Energy (DOE) Organization Act (Public Law 95-91), centralizing the responsibilities of the Federal Energy Administration, the Energy Research and Development Administration, the Federal Power Commission and other energy-related government programs into a single presidential cabinet-level department.

The Department of Energy, activated on October 1, 1977, provided the framework for a comprehensive national energy plan by coordinating federal energy functions.

# History of the State Energy Program

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In addition to the creation of the Department of Energy, new laws established a broad range of conservation programs and promoted new, more efficient sources of energy. The State Energy Program (initially called the State Energy Conservation Program (SECP)) was established on December 22, 1975, by the Energy Policy and Conservation Act (EPCAT) (Public Law 94-163, 42 U.S.C. 6321 et seq.). Its purpose was to promote energy conservation and to help states develop and implement their own conservation programs.

# History of the State Energy Program (continued)

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Several pieces of legislation catalyzed the growth of SECP/SEP:

- **The Warner Amendment of 1983 (P.L. 95-105) allocated oil overcharge funds—called Petroleum Violation Escrow funds—to state energy programs. In 1986, these funds became substantial when the Exxon and Stripper Well settlements added more than \$4 billion into the funds.**
- **The State Energy Efficiency Programs Improvement Act of 1990 (P.L. 101-440) encouraged states to undertake activities designed to improve efficiency and stimulate investment in and use of alternative energy technologies.**

# History of the State Energy Program (continued)

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- The Energy Policy Act (EPAAct) of 1992 (P.L. 102-486) allowed DOE funding to be used to finance revolving funds for energy efficiency improvements in state and local government buildings. EPAAct recognized the crucial role states play in regulating energy industries and promoting new energy technologies and also expanded the policy development and technology deployment role for the states.
- In 2009, the American Recovery and Reinvestment Act provided \$3.1 billion for SEP formula grants with no matching fund requirements, allowing the program to provide even more leadership and support to states.

# SEP Regulations Subchapter D – Energy Conservation

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- In July 1996, DOE issued regulations at 10 CFR (Code of Federal Regulations) 420 for implementing the SEP Program.
- The Regulations consist of Parts 420-1 through 420-37 and are organized into three subparts:
  - Subpart A—General Provisions for State Energy Program Financial Assistance
  - Subpart B—Formula Grant Procedures
  - Subpart C—Implementation of Special Projects Financial Assistance (Competitive SEP awards)
- The regulations remain in effect and have not been modified since that time.

# 10 CFR 420 Key Items

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- **420.12 State Match Contribution (20% Match requirement),**
- **420.13 Annual State Applications and Amendments to State Plans,**
- **420.14 Review and Approval of Annual State applications and amendments of State Plans,**
- **420.15 Minimum criteria for required program activities for the plan (Master File),**
- **420.17 Optional elements of SEP plans,**
- **420.18 Expenditure Prohibitions and Limitations.**



# QUESTIONS

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Questions?

Please contact Sharon Gill if you have questions.

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Thank You!