Department of Energy
Washington, DC 20585

WEATHERIZATION PROGRAM NOTICE 26-4

ISSUED DATE: October 30, 2026

SUBJECT: RECOVERED WAP FUNDING REDISTRIBUTION, GRANT EXTENSION, AND GRANT LIFE CYCLE AVERAGE COST PER DWELLING UNIT

EFFECTIVE DATE: This Weatherization Program Notice (WPN) is effective upon issuance and applies to Program Year (PY) 2026 Weatherization Assistance Program (WAP) formula awards.

INTENDED AUDIENCE: Weatherization grantees and subgrantees.

INTENDED USE: The U.S. Department of Energy (DOE) explains three changes: (1) the redistribution of recovered WAP funds to active PY 2026 formula awards; (2) a two-year extension of all active base formula grants; and (3) a new method that calculates Average Cost Per Dwelling Unit (ACPU) over the grant life cycle.

EXECUTIVE SUMMARY: DOE intends to redistribute WAP funds recovered from prior grant cycles to active PY 2026 formula awards to support additional weatherization and reduce energy costs for low-income households. This WPN shall not be construed as a guarantee or commitment of additional funding. Any redistribution of funds authorized under this WPN is expressly contingent upon the availability of funds and remains subject to the discretion of the DOE. DOE reserves the right to suspend or discontinue the redistribution provisions of this WPN at any time, without affecting the validity or implementation of its remaining provisions.

Grantees will have 30 calendar days to opt in or opt out. DOE will communicate the start and end dates of the election period through a subsequent Memorandum issued to WAP grantees no less than 14 calendar days before the election period begins. DOE will review the capacity of each grantee that opts in, calculate allocations among approved grantees using the WAP formula at 10 C.F.R. § 440.10, and notify each approved grantee of its allocation after DOE Grants Officer approval. Approved grantees must submit revised PY 2026 Plan and budget documents for DOE review and approval before DOE adds the funds to their awards.

Unless this WPN states otherwise, redistributed funds follow the same requirements as the rest of the PY 2026 award, including the PY 2026 Administrative and Legal Requirements Document (ALRD), WPN 26-1, the award terms and conditions, and other WAP requirements.

Two changes apply to all PY 2026 grantees, whether or not they opt in:

1. DOE will extend the Period of Performance by two years, creating a five-year grant life cycle. Annual budget periods remain in place.
2. DOE will measure ACPU compliance as an average over the full grant life cycle instead of year by year.

Opting out affects only the recovered funds. A grantee that opts out keeps its existing PY 2026 award, its carryover authority, and both changes above.

1.0 PURPOSE

This WPN establishes DOE's process for redistributing recovered WAP funds to active PY 2026 WAP formula awards.

This WPN also:

- Sets a voluntary 30-calendar-day election period for grantees to opt in or opt out of receiving recovered WAP funds. DOE will announce the election period through a subsequent Program Memorandum issued to WAP grantees no less than 14 calendar days before the election period begins;
- Extends all active base formula grants by two years while retaining annual budget periods; and
- Changes ACPU compliance from an annual calculation to an average over the grant life cycle.

These actions put recovered WAP funds back into program delivery, support additional weatherization, and give grantees more time and flexibility to use federal funds. Federal oversight and statutory and regulatory requirements still apply.

1.1 BACKGROUND

DOE has identified recovered WAP funds available for redistribution. DOE intends to redistribute these funds using the existing WAP formula and add them to approved participating grantees' active PY 2026 formula awards through award modifications. The funds become part of those awards; therefore, the PY 2026 ALRD, WPN 26-1, award terms and conditions, and other active WAP requirements apply unless this WPN states otherwise.

1.2 SCOPE

This WPN applies to grantees with active PY 2026 formula awards.

The two-year grant extension and grant life cycle ACPU method apply to all active PY 2026 formula grants, whether or not the grantee takes part in the redistribution.

The redistribution provisions apply only to approved participating grantees.

1.3 DEFINITIONS

The following definitions apply to this WPN.

Applicable Budget Period means the annual budget period within the active PY 2026 formula award to which DOE assigns funds, activities, expenditures, reporting, and other requirements. Annual budget periods, and their annual application, budget, reporting, and other requirements, continue during the two-year extension of the period of performance.

Approved Participating Grantee means a grantee that (1) has an active PY 2026 WAP formula award, (2) submits an opt-in election on time, and (3) receives DOE approval, through a capacity determination, for all or part of the recovered WAP funds available for redistribution.

Baseline Formula Share means a grantee's share of the PY 2026 WAP formula allocation, calculated using the existing WAP formula under 10 C.F.R. § 440.10, before any redistribution under this WPN.

Capacity Determination means DOE's decision, following the capacity review described in Section 3.3, to approve, conditionally approve, or deny a grantee's opt-in election, in whole or in part.

Allocation means the amount of recovered WAP funds that DOE determines an approved participating grantee will receive after the capacity determinations and the formula calculation described in Section 3.4. A grantee may spend its allocation only after the DOE Grants Officer executes the award modification.

Grant Lifecycle means the full period of performance of an active base formula grant, as extended under Section 5.0, consisting of five annual budget periods (PY 2025 through PY 2029). DOE evaluates cumulative ACPU compliance over the grant life cycle under Section 6.0.

Opt-In Election means a grantee's completed and signed Election Form (Attachment 1) electing to receive recovered WAP funds, submitted within the election period established under Section 3.2.

Period of Performance means the time interval between the start and end dates of a federal award, which may include one or more budget periods (2 C.F.R. § 200.1). Under Section 5.0, the period of performance for all active base formula grants ends June 30, 2030.

Recovered WAP Funds means unspent WAP funds recovered by DOE through the standard grant closeout process at the conclusion of prior grant cycles, which DOE determines are eligible for redistribution under this WPN.

Redistribution Percentage means an approved participating grantee's baseline formula share divided by the sum of the baseline formula shares of all approved participating grantees, as described in Section 3.4. DOE multiplies each redistribution percentage by the total recovered WAP funds available for redistribution to determine each allocation.

2.0 LEGAL AUTHORITY

Title IV of the Energy Conservation and Production Act (ECPA), as amended, authorizes DOE to administer WAP (42 U.S.C. § 6861 *et seq.*). All WAP grant awards must comply with applicable laws and regulations, including 10 C.F.R. Part 440 and 2 C.F.R. Part 200.

DOE will redistribute the funds using the WAP formula and its authority under 10 C.F.R. § 440.10. Under 10 C.F.R. § 440.10(f), DOE may reduce an allocation by the amount it determines a grantee cannot reasonably spend during the applicable budget period. Under 10 C.F.R. § 440.10(g), DOE may increase an allocation by the amount it determines the grantee can spend to weatherize more dwelling units.

DOE will document changes to funding and award terms through award modifications.

3.0 WAP FUNDING RECOVERED FOR REDISTRIBUTION

3.1 INITIAL ALLOCATIONS

Allocations will depend on the following factors:

- Grantee participation;
- DOE's review of grantee capacity;
- The amount of recovered WAP funds available at the time of redistribution; and
- The formula calculation described in Section 3.4.

3.2 VOLUNTARY 30-DAY ELECTION PERIOD

DOE will establish a 30-calendar day election period, with the start and end dates to be communicated through a subsequent Program Memorandum issued to WAP grantees no less than 14 calendar days before the election period begins.

To participate in the redistribution, a grantee must submit a completed and signed Recovered WAP Funding Election Form (Attachment 1) to the following email address: wap@doe.gov, no later than 11:59 p.m. ET on the final day of the election period, as specified in the subsequent Program Memorandum.

The election period allows grantees time to review this guidance, coordinate with subgrantees and other program partners, assess their capacity to use the additional funds, and submit questions to their DOE Project Officer.

Opt-In: A grantee that opts in must certify that it and its subgrantees have the organizational capacity to use the funds effectively within the extended period of performance and according to WAP requirements. Opting in does not authorize the grantee to spend additional federal funds.

Opt-Out: A grantee may decline the funds by submitting the signed Election Form. Alternatively, failure to submit an "opt-in" election by the close of the opt-in window will result in the State being flagged as "opt-out". Opting out applies only to this redistribution. It does not affect the grantee's existing PY 2026 award or its standard carryover rights for funds already obligated to that award.

To receive additional funding, a grantee must submit a completed opt-in election by the deadline.

After the election period closes and DOE issues its capacity determinations, DOE will calculate funding among approved participating grantees and notify each one of its allocation. These grantees must then submit the revised PY 2026 application materials listed in Section 4.2.

3.3 DOE CAPACITY REVIEW

DOE will use its existing application review and risk-assessment processes to review the capacity of each grantee that opts in. DOE will consider factors such as spending and production performance, compliance history, unresolved action items, audit findings, and reporting timeliness. The election form serves as the grantee's initial certification of capacity. Grantees do

not need to submit a separate capacity narrative unless DOE asks for one. DOE will record the result in a capacity determination and may approve, conditionally approve, or deny additional funding under its WAP authorities.

3.4 FORMULA RECALCULATION AND ALLOCATIONS

For each approved participating grantee, DOE will calculate the redistribution percentage as follows:

Grantee baseline formula share ÷ sum of baseline formula shares of all approved participating grantees = redistribution percentage

DOE will multiply each redistribution percentage by the total recovered WAP funds available for redistribution to determine each allocation.

4.0 GRANTEE PLAN AND AWARD MODIFICATION PROCESS

4.1 ALLOCATION NOTICE AND MODIFICATION PACKAGE

After DOE issues its capacity determinations and completes the formula calculation, DOE will notify each approved participating grantee of its allocation.

A grantee may spend the additional funds only after DOE completes its review and the DOE Grants Officer executes the award modification. The opt-in election alone does not authorize spending.

Each approved participating grantee must submit a revised PY 2026 Plan in the Performance and Accountability for Grants in Energy (PAGE) system, as DOE directs, to add the funds to its active award. Grantees should update only the parts of the approved PY 2026 Plan and supporting materials that the additional funding affects unless DOE asks for more information.

4.2 REQUIRED SUBMISSION MATERIALS

Each approved participating grantee must submit the following, as applicable:

- **Revised SF-424, Application for Federal Assistance.** Reflect the increased award amount and the revised period of performance end date.
- **Revised SF-424A, Budget Information for Non-Construction Programs**. Incorporate the allocation and show how the grantee will distribute Program and Training and Technical Assistance (T&TA) funds among WAP budget categories.

- **Updated Budget Justification**. Explain the proposed use of the additional funds. Amounts must match the revised SF-424A.
- **Revised Annual File: Subgrantees.** Update subgrantee allocations and planned dwelling units, as applicable, to reflect the additional funding.
- **Updated T&TA information.** Update the T&TA budget and planned activities, as applicable, to reflect any increase to the existing T&TA allocation.
- **Other affected Grantee Plan information and supporting documentation.** Update any other affected portions of the approved PY 2026 plan, including staffing, monitoring, vehicles, or equipment, subgrantee structure, or other budget-supported activities, as applicable.

DOE may request additional or clarifying information to evaluate the proposed use of the funds and complete the award modification.

4.3 DOE REVIEW AND AWARD MODIFICATION

DOE will review the revised plan to confirm it is consistent with WAP requirements, the approved PY 2026 Plan, the allocation, and the grantee's capacity to use the additional funds.

After DOE approves the plan, the DOE Grants Officer will execute the award modification to obligate the funds and document the grant extension.

Once obligated, the redistributed funds become part of the active PY 2026 formula award and follow the same requirements as the rest of the award.

4.4 ALLOWABLE USE AND MANAGEMENT OF REDISTRIBUTED FUNDS

Grantees must use redistributed funds for allowable WAP activities and comply with 2 C.F.R. Part 200, 10 C.F.R. Part 440, the PY 2026 ALRD, applicable award terms and conditions, and active WAP guidance. Costs must be allowable, reasonable, and allocable to the federal award.

Grantees may budget redistributed funds among allowable WAP cost categories, subject to statutory, regulatory, program, award, and DOE-approved budget requirements. Grantees may not use redistributed funds for the Weatherization Readiness Fund (WRF) category.

Existing WAP carryover authorities do not change. A grantee that opts out keeps its authority to carry forward existing award balances within the approved grant, consistent with the award terms and conditions.

4.5 FUNDING AVAILABILITY

This WPN shall not be construed as a guarantee or commitment of additional funding. Any redistribution of funds authorized under this WPN is expressly contingent upon the availability of funds and remains subject to the discretion of the DOE. DOE reserves the right to suspend or discontinue the redistribution provisions of this WPN at any time, without affecting the validity or implementation of its remaining provisions. Further, the Grants Officer is the only individual who can make awards or commit the Government to the expenditure of public funds. A commitment by anyone other than the Grants Officer, either expressed or implied, is invalid Specifically, the grant extension and Average Cost Per Unit (ACPU) update established under this WPN shall remain in full force and effect, regardless of any suspension or discontinuation of the redistribution provisions.

5.0 GRANT EXTENSION

DOE will extend the period of performance of all active base formula grants by two years, to June 30, 2030. The extension applies to all grantees, whether or not they take part in the redistribution.

Annual budget periods continue during the extension. Grantees must continue to meet annual application, budget, reporting, and other requirements.

The extension does not replace annual congressional appropriations. Funding for future annual budget periods still depends on appropriations and award requirements.

DOE will document the grant extension through the award modification.

6.0 GRANT LIFECYCLE-BASED AVERAGE COST PER DWELLING UNIT

For all active base formula grants, DOE will measure compliance with the statutory ACPU limit across the full grant life cycle instead of setting a separate ceiling for each annual budget period. This method applies to all grantees, whether or not they take part in the redistribution.

DOE will continue to establish an inflation-adjusted ACPU amount for each Program Year consistent with 42 U.S.C. § 6865(c) and 10 C.F.R. § 440.18.

The grant life cycle ACPU ceiling will be based on the average of the annual adjusted ACPU limits for each year of the grant life cycle. The table below shows the estimated grant life cycle ACPU:

Program Year	Total Allowable ACPU
PY 2025	$8,547
PY 2026	$8,813
PY 2027*	$9,077
PY 2028*	$9,349
PY 2029*	$9,629
Grant Lifecycle Average*	**$9,083**

***Estimated for planning purposes**. Estimates for PY 2027–2029 assume a 3% annual increase. DOE will adjust actual annual ACPU amounts based on the applicable consumer price index (CPI) increase or 3%, whichever is less. DOE will update the Grant Life Cycle Average using the final DOE-established ACPU for each Program Year.

Under this method, unit costs may vary from year to year as long as the average stays within the limit over the grant life cycle.

Grantees remain responsible for keeping their grant life cycle ACPU within the ceiling. Grant life cycle ACPU equals cumulative expenditures subject to ACPU divided by total units completed over the grant life cycle.

An extension beyond the grant life cycle, such as a no-cost time extension, does not by itself add another annual ACPU limit to the grant life cycle calculation.

7.0 PAGE AND REPORTING

DOE will make the necessary PAGE changes to support the extension and grant life cycle ACPU method.

Grantees must continue to submit performance and financial reports as required by the Federal Assistance Reporting Checklist and applicable PY 2026 award requirements. Annual budget periods will remain active in PAGE.

If needed, DOE will issue more system or submission instructions for the redistribution and award modifications.

8.0 QUESTIONS

Grantees should direct questions about this WPN or the redistribution of recovered WAP funds to wap@doe.gov .

Grantees should coordinate questions about financial assistance award actions through their assigned DOE financial assistance contacts.

CONCLUSION: This WPN puts recovered WAP funds back into active program delivery and gives grantees more time and flexibility to weatherize eligible homes. The redistribution, grant extension, and grant life cycle ACPU method support effective use of federal funds while keeping WAP oversight and statutory and regulatory requirements in place.

MICHAEL LI Digitally signed by MICHAEL LI Date: 2026.10.29 13:04:04 -04'00'

Michael Li
Director
Office of State and Community Energy Programs
U.S. Department of Energy

Attachment 1: RECOVERED WAP FUNDING ELECTION FORM

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WAP: PY 2026 Formula Awards

The grantee's programmatic and fiscal authorized representatives must complete and sign this form, and the grantee must submit it by 11:59 p.m. ET on the final day of the election period, as specified in the Program Memorandum.

Grantee Name:	
PY 2026 Award Number:	
Programmatic Authorized Representative:	
Fiscal Authorized Representative:	
Title:	
Email and Phone:	

ELECTION (select one):

☐ OPT IN: The grantee elects to participate in the redistribution of recovered WAP funds. The grantee certifies that it and its subgrantee network have the organizational capacity to effectively use the additional funds within the extended period of performance and in accordance with applicable WAP requirements.

DOE will review the grantee's capacity and calculate formula shares.

☐ OPT OUT: The grantee declines to participate in the redistribution of recovered WAP funds.

The grantee understands that DOE will redistribute its estimated allocation among approved participating grantees. The grantee also understands that opting out does not affect its existing PY 2026 award, applicable carryover authority, two-year grant extension, or grant life cycle ACPU method.

CERTIFICATION

I certify that I am authorized to make this election on behalf of the grantee and that the information provided is true and accurate to the best of my knowledge.

I understand that an opt-in election does not constitute a federal award, guarantee the estimated allocation, or authorize expenditure of additional federal funds.

Programmatic and Fiscal Authorized Representative Signature	
Programmatic Authorized Representative Printed Name, Title, and Date:	
Programmatic Authorized Representative Signature:	
Fiscal Authorized Representative Printed Name, Title, and Date:	
Fiscal Authorized Representative Signature:	

SUBMISSION INSTRUCTIONS

Email the completed and signed form to wap@doe.gov.

Use the subject line: **"PY 2026 Recovered WAP Funding Election: [Grantee Name]".**

DOE may request additional information needed to complete its capacity review. Grantees should retain a copy of the submitted form for their award records.

Reminder: The election period for submitting the Election Form will be announced through a Program Memorandum issued to WAP grantees no less than 14 calendar days before the 30-calendar day election period begins.