Energy Efficiency Demonstration Grant Program for Local Governments

As included in the Energy Independence and Security Act of 2007

Section 493 of the Energy Independence and Security Act of 2007 (EISA) authorizes the US Environmental Protection Agency (EPA) to administer a competitive grant program for local governments to improve energy efficiency within their buildings. EISA directs the EPA to establish guidelines for this grant program within one year of enactment. This fact sheet outlines the requirements established by EISA and EPA's proposed guidelines. Funds have not yet been appropriated by Congress for this program.

What actions are covered by the program?
EISA establishes a program to assist local government with improving energy efficiency in their buildings through:

- Deploying cost-effective technologies and practices
- Achieving operational cost-savings, through the application of cost-effective technologies and practices

What funding is available?
If funded, the grant program would allocate $20 million annually until 2012. The maximum grant award would be $1 million. In general, the federal share of the cost of the activities carried out using a grant under this section shall be 40%. The cost-share requirement may be waived for applicants who are considered to be economically distressed. EPA proposes that grants may be used to pay for 100% of discrete projects that are part of a larger energy efficiency program provided that the projects funded represent no more than 40% of the total work of the energy program.

Who is eligible for funding?
As defined in 40 CFR Part 31:

- *Local governments* - a county, municipality, city, town, township, local public authority (including any public and Indian housing agency) school district, special district, intrastate district, council of governments, any other regional or interstate government entity, or any agency or instrumentality of a local government.
- *Federally recognized Indian tribal governments*— the governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including Native villages) certified by the Secretary of the Interior as eligible for the special programs and services provided by him through the Bureau of Indian Affairs.

What is a "cost-effective technology"?
EISA defines the term ''cost-effective technologies and practices'' as a technology or practice that
(A) will result in substantial operational cost savings by reducing electricity or fossil fuel consumption, water, or other utility costs, including use of geothermal heat pumps;
(B) complies with all federal, state and local laws and provisions for acquisitions; and
(C) is at least as energy and water conserving as required under Title V of EISA

What are "operational cost savings"?
EISA defines ''operational cost savings'' as a reduction in end-use operational costs through the application of cost-effective technologies and practices that achieve pay-back periods as established in sections 401 or 431-434 of EISA.

These cost savings include a reduction in energy consumption relative to consumption by the same customer or at the same facility in a given year.

The term ''operational cost savings'' includes savings achieved at a facility as a result of—

- the installation or use of cost-effective technologies and practices; or
- the planting of vegetation that shades the facility and reduces the heating, cooling, or lighting needs of the facility.

The term ''operational cost savings'' does not include savings from measures that would likely be adopted in the absence of cost-effective technology and practices programs.

What are the requirements for recipients?
Final requirements for cost-saving, monitoring, reporting and verification, and training and technical assistance will be included in the competitive grant solicitation. Proposed requirements can be found below.

Cost-Saving
EISA requires each grant recipient to achieve a 40% cost-savings for the building(s) impacted by grant funding as compared to the operational costs associated with a 3-year, weather-normalized average energy use baseline. To meet this requirement, EPA recommends that recipients assess the energy use of their suite of buildings to select the target building(s) and demonstrate feasibility before funding efficiency improvements.

Monitoring, Reporting, and Verification
EPA proposes that grant recipients monitor and report to EPA the following characteristics of the building(s) renovated with grant funds:

- Energy use, energy expenditures, and associated CO_2 emissions for a 3-year weather normalized baseline
- Annual energy use, energy expenditures, and associated CO_2 emissions for the duration of the project period and for 1 year after all energy efficiency improvements are completed.
- Calculations of annual energy savings, cost savings, and avoided CO_2 emissions.
- Projected lifecycle energy and cost savings, payback periods, and avoided CO_2.

EPA intends for ENERGY STAR's Portfolio Manager tool to be used for monitoring and reporting. EPA recommends each grant recipient establish a dedicated point of contact to track and improve government energy usage.

EPA is considering requiring independent third party verification of recipient's energy savings. This verification would be completed by having a Professional Engineer validate the Statement of Energy Performance generated by Portfolio Manager. The role of the Professional Engineer is to verify that all energy use is accounted for accurately, that the building characteristics have been properly reported, and that the building is fully functional.

Training, Technical Assistance, and Education on Building Retrofits
EPA proposes that recipients develop expertise and capacity through some combination of:

- Establishing a comprehensive energy management program using ENERGY STAR's Guidelines for Energy Management and associated training seminars.
- Providing facilities staff with training on proper operation and maintenance of all new or upgraded equipment
- Encouraging all procurement/purchasing staff to attend online ENERGY STAR and EPA purchasing and procurement trainings, and use ENERGY STAR calculators to assess equipment purchases
- Providing all building staff with information about: energy upgrades being made to the building(s) or to equipment they use (e.g. computer power management); and measures they can take to contribute to reducing building energy use.

Grant recipients are further encouraged to educate visitors to the building(s) about energy efficiency upgrades through brochures, signs, or other means. Recipients are also encouraged to share projects and results with the community. ENERGY STAR and EPA provide toolkits and guidance to facilitate this process.

How is an "economically distressed" community defined?
The published grant solicitation will include objective economic criteria for determining if a community may be considered economically distressed. Communities that qualify may apply to have cost-sharing requirements waived.

How do I apply? How will applications be evaluated?
If funding is appropriated, the grant solicitation will be published on www.grants.gov and applications must be made through that website. Point-based evaluation criteria will be included in the published grant solicitation. A team of reviewers will evaluate each proposal using the established point system.

What are the next steps?
EPA welcomes your input and feedback on these proposed grant guidelines. Please contact Andrea Denny at denny.andrea@epa.gov with questions or comments.