

# State Energy Program Frequently Asked Questions

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## **A. Recovery Act and State Energy Program Background**

1. What are the typical energy and cost savings for the program?

Historically, the SEP and its State partners save \$7.22 in energy costs and leverage non-Federal investments of over \$10 for every \$1 of Federal investment, based on the nationally peer-reviewed 2005 Oak Ridge National Laboratory methodology.

2. Will DOE provide assistance to States in ramping up their SEP activities?

Yes. DOE is establishing a network of experts, expanding the Technical Assistance Program (TAP), setting up peer-to-peer exchanges, training and providing best practices to assist States. These resources will be available at this website:

[http://apps1.eere.energy.gov/State\\_energy\\_program](http://apps1.eere.energy.gov/State_energy_program))

3. What happens when the Recovery Act funds run out?

Strategic use of the funds will enable States to develop programs that are self-sustaining, such as revolving loans and energy saving performance contracting, by using private financing to create a permanent stream of savings to fund future projects. Moreover, it is likely that funding streams—either through system benefit charges or carbon auctions—can be established at the State or Federal level.

## B. Monitoring and Reporting

### 1. What reporting is required?

Currently, States are required to submit Program Status Reports (PSRs) for all activities included in the SEP State Plan (Annual File) on a quarterly basis. The PSR has been expanded to capture additional information in accordance with Recovery Act requirements.

### 2. When will DOE Recovery Act reporting requirements be finalized? What metrics will States be required to report?

Although DOE is still working on some aspects of SEP Recovery Act reporting requirements, the required reporting metrics have been finalized. They differ very slightly from the metrics listed in Section 10 of SEP Program Notice 09-01, the annual Program Guidance.

Specific metrics vary according to the activity being implemented. The following metrics, as applicable, should be reported quarterly to DOE (the first two, jobs created and retained, apply to all activities):

- Jobs Created
  - Number
  - Type
  - Duration
  
- Jobs Retained
  - Number
  - Type
  - Duration
  
- Building Codes and Standards
  - Name of new code adopted
  - Name of old code replaced
  - Percentage of new construction in state covered by new code
  
- Building Retrofits
  - Number of buildings retrofitted, by sector
  - Square footage of buildings retrofitted, by sector
  
- Clean Energy Policy
  - Number of state alternative energy plans developed
  - Number of state renewable portfolio standards established
  - Number of state interconnection standards established

- Building Energy Audits
  - Number of audits performed, by sector
  - Floor space audited, by sector
  - Auditor's projection of energy savings, by sector
  
- Energy Efficiency Rating and Labeling
  - Types of energy consuming devices for which energy-efficiency rating and labeling systems were endorsed by the State government, schools, or institutional procurement
  - Number of units purchased, by type (e.g., vehicles, office equipment, HVAC equipment, streetlights, exit signs)
  
- Industrial Retrofit Support
  - Number of buildings retrofitted, by industry type
  - Square footage of buildings retrofitted, by industry sector
  
- Loans, Grants, and Incentives
  - Number and monetary value of loans given
  - Number and monetary value of grants given
  - Number and monetary value of incentives provided
  
- Renewable Energy Market Development
  - Number and size of solar energy systems installed
  - Number and size of wind energy systems installed
  - Number and size of other renewable energy systems installed
  
- Tax Credits
  - Monetary value of tax credits given, by sector
  
- Technical Assistance
  - Number of contacts in which energy efficiency or renewable energy measures were recommended, by sector
  
- Transportation
  - Number of alternative fuel vehicles purchased
  - Number of conventional vehicles converted to alternative fuel use
  - Number of new alternative refueling stations emplaced
  - Number of new carpools and vanpools formed
  - Number of energy-efficient traffic signals installed
  - Number of street lane-miles for which synchronized traffic signals were installed

- Workshops, Training, and Education
  - Number and type of workshops, training, and education sessions held
  - Number of people attending workshops, training, and education sessions

The following information should be reported annually to DOE (standard calculation tool will be provided by September 1)

- Energy Savings (kWh equivalents)
  - Annual reduction in natural gas consumption (mmcf)
  - Annual reduction in electricity consumption (MWh)
  - Annual reduction in electricity demand (MW)
- Annual reduction in fuel oil consumption (gallons)
  - Annual reduction in propane consumption (gallons)
  - Annual reduction in gasoline and diesel fuel consumption (gallons)
- Renewable Energy Capacity and Generation
  - Amount of wind-powered electric generating capacity installed (MW)
  - Amount of electricity generated from wind systems (MWh)
  - Amount of photovoltaic generating capacity installed (MW)
  - Amount of electricity generated from photovoltaic systems (MWh)
  - Amount of electric generating capacity from other renewable sources installed (MW)
  - Amount of electricity generated from other renewable sources (MWh)
- Emissions Reductions (tons) (CO<sub>2</sub> equivalents)
  - GHG
  - Criteria air pollutants

The SEP Program Status Report has been expanded to capture the required metrics information.

3. Are States and/or sub-recipients required to conduct monthly monitoring?

As of now, no, monthly monitoring requirements are not in effect. However, DOE is pursuing this option.

4. How should States determine energy savings?

By September 1 DOE will provide a calculator for State use to determine energy savings and emission reductions. A more refined benefits calculator for both SEP and the Energy Efficiency & Conservation Block Grant program is under development but will not be ready in time for the first Recovery Act reports due on October 1, 2009.

5. How are “jobs created” measured?

DOE is waiting for specific OMB guidance on this measure. In the meantime, the general guidance is for every \$92,000 expended leads to one “job created.”

6. Is there a template for success stories?

DOE may develop such a template; for now, please use the SEP “Success Stories” form in WinSAGA.

7. With regards to the reporting function, is it better to centralize reporting within the States or to allow sub-recipients to handle their own reporting to DOE?

All SEP reporting should come from the States.

8. Are States advised to supplement their field monitoring staff with outside evaluators who can measure impacts/benefits/cost effectiveness of the State’s energy programs?

States are encouraged to arrange for independent evaluations of their SEP activities to measure impacts/benefits/cost effectiveness. By September 1 DOE will provide guidelines to States on how to manage such evaluations and technical standards for the studies themselves. DOE will also conduct a national evaluation of the SEP but will not be able to cover each State in detail, so information from State-led studies would be very helpful.

9. How can States best reconcile the historical metrics by which States have gauged the progress of their programs with the added metrics (i.e. job creation/retention) from the Recovery Act?

The traditional metrics by which SEP has been measured—energy savings, GHG emissions, etc.—continue to be as important as they have always been. SEP activities have always created jobs and benefited the States’ economies; many States have tracked that aspect of the program’s benefits. DOE now places more emphasis on capturing that information from every State and encourages the States to focus their plans on activities that have the greatest jobs creation potential.

10. Are there ways to expedite the amendment process if States a want to amend their SEP application?

States should contact their DOE project manager for any questions regarding SEP application amendments.

### **C. Training**

1. Will the Department provide guidance on SEP training curriculum?

Yes, but only upon request. In addition, a large body of energy efficiency and renewable energy curricula is already available. DOE will gladly assist States in locating training materials that meet their individual needs.

### **D. Internal Controls**

1. What internal controls does DOE want us to have for the use of SEP Recovery Act funds?

DOE has always required States to have sound internal controls and comprehensive accounting systems. With Recovery Act funds this is even more important. DOE will examine and monitor the States' internal controls and accounting systems as part of its desk and on-site monitoring procedures.

2. How are other States conducting independent audits?

States are monitored annually by an independent agency under the provisions of the Single Audit Act and OMB Circular A-133.

### **E. Staff/Sub-Contracts**

1. How can States who are dealing with hiring freezes handle ramp up needs now?

States should consider acquiring services from outside contractors.

2. Can States use SEP money for manufacturing?

No.

3. Can States contract out their SEP monitoring and training?

Yes, as long as State Recovery Act monitoring procedures are followed and the State "monitors the monitors" to ensure quality and compliance.

### **F. Federal Funding; State and Local Spending**

1. When will the remaining 50% of funds be distributed?

DOE will provide guidance shortly to States on what documentation is required to receive the remaining 50% of the total funding.

2. Are amounts paid to a contractor to perform SEP oversight and monitoring administrative costs?

Yes.

3. Can pre-award cost be requested back to February when the Recovery Act was signed into law?

Grantees should contact their respective Project Management Center for specific guidance on this issue.

4. What are deadlines for spending Recovery Act funds?

Recovery Act funds must be obligated by September 30, 2010 and expended within 36 months after State Plan approval.

## **G. Best Practices**

1. In the event that I have additional Recovery Act related questions, what other resources are available?

For additional Recovery Act related questions, please contact your DOE project manager or the DOE Recovery Act Clearinghouse, by calling toll-free 1-888-363-7289. Also, please periodically visit the WIP (<http://apps1.eere.energy.gov/wip/>) and SEP ([http://apps1.eere.energy.gov/state\\_energy\\_program/](http://apps1.eere.energy.gov/state_energy_program/)) websites for updates.

2. Where can we go to learn about best practices from other States?

The EERE (<http://www.eere.energy.gov/>) and SEP ([http://apps1.eere.energy.gov/state\\_energy\\_program/](http://apps1.eere.energy.gov/state_energy_program/)) websites currently contain many examples, case studies and summaries of successful State programs. In partnership with the National Association of State Energy Officials, DOE is also collecting and developing best practice resources. As these new resources become available, they will be distributed to the States and posted online at the SEP website.

3. How do you suggest we do the ramp up for hiring people?

The EERE and SEP websites contain many examples, case studies and summaries of successful State programs. We encourage you to contact those States for hiring information.

## H. NEPA

1. Can State environmental regulations (e.g., New York's State Environmental Quality Review Act) be used in place of NEPA? Or, can DOE delegate NEPA authority to States with their own governmental bodies designed to conduct their own environmental impact assessments?

NEPA is a federal statute and a federal obligation. State processes cannot substitute for the Federal NEPA process, and the Energy Policy and Conservation Act of 1975 does not authorize DOE to delegate the preparation of environmental impact statements (EISs) or environmental assessments (EAs) to the States. However, for projects that require an EA or an EIS, and given appropriate quality assurance review, DOE may be able to use qualifying analyses developed for existing State environmental reviews or permitting processes in lieu of DOE performing separate analyses. Also, DOE and the State can cooperate to satisfy both NEPA and State environmental review processes simultaneously (e.g., as joint lead agencies for preparation of a single environmental review document).

2. Has DOE looked at contracting as a possibility for expediting NEPA review for the SEP program? Is contracting a possible means of expediting the NEPA review process?

DOE uses contractors in a number of areas to support its NEPA reviews and can bring on additional contractor support as needed. During the application review process, contractors assist some DOE NEPA Compliance Officers (NCOs) in organizing and reviewing information provided in applications. Much of the analysis for and writing of environmental assessments (EAs) and environmental impact statements (EISs) is done by contractors. In these and other examples, contractors facilitate timely completion of the NEPA review process while recognizing that the ultimate responsibility for complying with NEPA and making decisions rests with DOE. The time to complete NEPA review is dependent upon several factors, including sufficient staffing, the clarity of the proposal, and the timely availability of sufficient information.

3. Because NEPA responsibilities must remain with DOE staff, can an MOU be signed laying out the process for NEPA review to expedite the release of Recovery Act funds and create jobs?

DOE has already taken a number of steps to expedite NEPA reviews and determinations. DOE has assembled a group of NEPA experts to work with individual States on NEPA issues arising under SEP. These experts and others have participated in numerous calls with States and with NASEO to resolve NEPA issues. The Department will soon issue both written guidance on NEPA for the SEP and EECBG programs and a new form that States can use in their revolving loan programs to expedite NEPA determinations. The new guidance lists a number of activities that are categorically excluded from detailed NEPA review.

4. Are energy efficiency projects categorically excluded from NEPA review?

Many energy efficiency projects fit within DOE's categorical exclusions (CXs) (Appendices A and B of Subpart D of DOE's NEPA regulations, 10 C.F.R. Part 1021), absent any extraordinary circumstances. See, e.g., 10 C.F.R. § 1021, App. B5.1 (2009). Once DOE determines that an activity qualifies for a CX, further NEPA review is not required for that project. The determination is made on a case-by-case basis. Applicants can facilitate DOE determining whether a CX applies by clearly defining the proposed activity, particularly its scale or scope.

5. If a State has two market titles that involve commercial and industrial building retrofit HVAC projects in existing structures that were not approved, should they be considered for categorical exclusions?

Depending on the nature of the retrofit, and absent any extraordinary circumstances, they may be categorically excluded from detailed NEPA review; but they may not have been approved for other reasons. Contact the DOE SEP project manager responsible for review of the application in question.

6. For States that have not yet received approval, could working through the NEPA process help to alleviate issues? Are there resources showing what documentation is necessary for NEPA compliance and how to complete it?

There are NEPA requirements, but there could also be accounting and financial delays. DOE will soon issue guidance and a new questionnaire that should expedite the resolution of NEPA issues.

7. Is there any general guidance regarding biomass or biofuels projects?

Biomass projects that are small in scale and located at existing facilities likely are eligible for SEP funds. From a NEPA standpoint, small biorefineries in a previously developed location (e.g., a retrofit to an existing structure), and absent any extraordinary circumstances, may fit within a categorical exclusion and not require further NEPA review. DOE would be unable to determine whether a categorical exclusion applies to a proposed biorefinery without a defined size or production limit.

Size and production limits may indicate whether DOE considers a project to be "small." Although there is no definition of "small," DOE will attempt to identify sizes of facilities below which categorical exclusions may be appropriate. Building at a brownfield or existing facility may help obtain a categorical exclusion.

8. Can one NEPA questionnaire be submitted for lighting on a number of buildings, so the State can get projects started, then can another NEPA questionnaire be submitted on the same buildings once the audits are completed and additional work has been determined?

Yes, states can submit information on a lighting program for a number of buildings and may be able to obtain a categorical exclusion for that program and then follow that initial application by providing information on additional projects once audits are completed.

9. Would solar installations on a rooftop require an EA or EIS? What about solar installations on the ground?

Absent extraordinary circumstances, solar installations on existing rooftops and parking shade structures normally would not require an EA or an EIS. Small installations on the ground within the boundaries of existing facilities may not require an EA or EIS, but reference the new guidance for further information.

10. If a State conducts a program for utility incentives for solar thermal and photovoltaic installations and combined heat and power, would the utilities be required to submit a NEPA questionnaire to DOE for each incentive that is awarded?

Such programs might entirely fit within a categorical exclusion if there are appropriate limits on the size of the incentives and the size of the equipment installed, and there are no extraordinary circumstances. For example, paying an incentive of 100% of the cost of a system is not an incentive, it is a grant. Grant programs are acceptable, but the level of NEPA review could be different. Incentive programs often pay no more than 10-25% of the costs of a system. DOE will evaluate the appropriate level of NEPA review required for financial incentive programs on a case-by-case basis.

11. If a State administers a revolving loan program, would it need to submit a NEPA questionnaire for each loan made?

Loan programs limited to small and well-defined activities (e.g., loans limited to replacement of home heating systems, or limited heating systems) could be categorically excluded from further NEPA review in their entirety. Groups of identical activities in a loan program could be categorical excluded as a group. A more complex NEPA review process (involving review of individual loan applications) would be required for revolving loan programs with unclear boundaries.

12. In the event that a project discovers an issue or incurs an indirect impact that is unknown at the conception of the project but triggers an additional environmental requirement once the project is in process, how should a State approach this additional environmental requirement under NEPA?

The State should contact DOE immediately upon such a discovery.

## I. Historical Preservation

1. What implications does Section 106 of the National Historic Preservation Act have on the States for Recovery Act related programs?

Section 106 of the National Historic Preservation Act requires entities using federal funds in historic properties or potentially historic properties to submit appropriate documentation to the State Historic Preservation Office (SHPO) prior to completion of work to ensure that there is no adverse affect on the property. A historic property is identified as on or eligible for the National Register of Historic Places. There are levels of significance required for eligible properties, but the minimum requirement is an age of 50 years or older. There is a provision in the Act that the property owner does have the first right of refusal.