

**State Climate and Energy Program—State Technical Forum  
State Clean Energy Approaches to the American Recovery and  
Revitalization Act of 2009**

April 15, 2009

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## Introduction

### Slide 1: State Climate and Energy Program Web Site

Julia Miller: Hey everyone, this is Julia Miller from EPA's State Climate and Energy Program: I want to welcome you all to this month's technical forum. We've been doing these calls for about four years now. We're always looking for new topics. So if you have any sort of issue you want to learn more about, please e-mail me.

I want to thank the speakers for being willing to speak today; I know it takes a lot of time to put the presentations together. We really appreciate it.

Also on the agenda on the bottom at the link for additional materials, you can find the presentations from the speakers and also a background document. We do a background document every month to outline technical issues surrounding the topic. This month is not quite as technical but it includes a pretty significant resource list where states can find more information on resources to help them with the stimulus fund.

Next month we are doing our call on feed-in tariffs and we'll send out a save the date notice again. In June we were thinking about doing the call on what's going on in Congress related to climate and how that affects states. We usually take a break for a few months over the summer and then come back in the fall. And, as a reminder for those of you who just joined the call, we do mute all the lines to prevent hearing unwanted music or background noise. We'll let you know how to unmute your line when we get to the Q&A. With that, Catherine do you have any other housekeeping things before we get started?

Catherine Morris: Just a few. I want to show you a couple of tools in the webinar for those of you who haven't been on one of these before. We do have a very large group registered—there are more than 60 of us on the line right now. Let me show you a couple of options for asking questions to try to make this call more interactive and different ways you can engage our speakers. One way is by unmuting your line when we get to the place where we're going to open up for questions. We certainly encourage everyone to raise your question verbally for everyone to hear. If you're having trouble getting in that way, another option, your second option, is to extend your question online through the webinar. You'll see on the control panel that each of you has there is a button with "Question" written on it. I'll do my best to get all the questions to our speakers, although we have such a large group we might not be able to get to all of them. For that reason we have included the contact information for all of our speakers on that Web site Julia pointed out, so if you don't get a chance to ask your question during the call you can always follow up afterward.

The only other thing you might need to know is how to minimize the control bar that might get in the way of you seeing the screen and presentation. There is a double arrow that you can click to get the control bar out of the way until you need it. The last thing I'd like to do before I turn it over to Cindy Jacobs is to let people know that we haven't yet

picked the date for next month. We're going to confirm with our speakers before we pick that date. I know we haven't been very consistent about doing the second Thursday of each month, but we really do try to accommodate our speakers. This topic in particular will be of interest to a lot of states, and I would just reiterate Julia's direction to everybody to go look at that Web site because we have a lot of different resources out there to help people find their way through the American Recovery and Reinvestment Act to find out what kind of resources there are. So after this call, if you haven't already done that, please use this site.

## Overview of the EPA Clean Energy Program

Catherine Morris: Let me turn it over to Cindy. Cindy is going to be illustrating one of today's resources. She is with the Climate Change Partnerships Division. Cindy, please be sure to hit #6 to unmute your line.

### Slide 2: Clean Energy Web Site

Cindy Jacobs: Hi everybody, this is Cindy Jacobs and I am with the ENERGY STAR Program here at EPA. And we have been working with Clean Energy to deploy what we call the Rapid Deployment Energy Efficiency Toolkit. Before I dive into this, let me make sure the Clean Energy Web page ([www.epa.gov/cleanenergy](http://www.epa.gov/cleanenergy)) is showing on your screen. So I'm going to start there but let me just quickly say that the reason we have been developing this tool kit is to help states and local governments effectively deploy the stimulus funds that are directed toward energy efficiency in ways that are both the objective of the American Recovery and Reinvestment Act as well as promote sustained energy efficiency. EPA and DOE have been working on this and have received input from the leadership members of the National Action Plan for Energy Efficiency. So the way to get in, first of all, is through the [epa.gov/cleanenergy](http://epa.gov/cleanenergy) page. Then click on "Clean Energy Resources" in the left hand navigation bar and then click on the Rapid Deployment Energy Efficiency Toolkit under EPA Tools at the bottom of the page.

### Slide 3: Rapid Deployment Energy Efficiency Toolkit

Cindy Jacobs: Perhaps not surprisingly, some items on this page are already out of date because everything has been moving so fast, as I'm sure you know better than we do. But let me just quickly tell you what I'm hoping to do in the next couple of minutes in addition to showing you how to get to these documents. I'd like to give you a little bit of background about why we created them, walk you through what is up-to-date and what we're planning next. Because this is such a fast moving process and because new materials are coming out all the time and you guys are working away on this, we would love any input, any feedback, any comments, any suggestions. You can direct those to me at [jacobs.cindy@epa.gov](mailto:jacobs.cindy@epa.gov).

So this page is background on the toolkit and, like I said, it's already a little bit out of date. But what we originally said we were going to do is put out a first set of materials on May 15 and a second set on June 15. But subsequent to those deadlines the ARRA funding opportunities announcement came out with a deadline of March 23 and May 12, so clearly we needed to wrap up, and we have actually done that. So what we've done now is at the beginning of this month we released something called the RDEE Planning Guide, and we're going to go to that in a second. And then we're planning a stage two by the end of this month, hopefully within the next couple weeks, to provide more information to both what's in there and make it even easier for states and local government to effectively pull the funding.

### Slide 4: RDEE Planning Guide

Cindy Jacobs: So I'm going to just go ahead and jump to this document. It is a PDF, but you can actually click on the table of contents to get to the different sections. What I'm going to do is give you a little bit of a background in terms of what's in this document. This is the list of the 10 programs for which there is a fair amount of information in this document. We identified these as programs that have largely been proven and have been out there for a number of years, where we could gather quantitative and qualitative data about those plans and help make information you can use.

Then what we did in this document is we tried to lay out what we thought were key factors for people to consider when they're evaluating for the ease of these programs—or even other programs that they might be considering. And we pulled a lot of these questions directly out of that e-mail sent by the Department of Energy as well as some other types of institutions. Those include things like job impacts, whether there's an opportunity to leverage funding, how big are the savings, how much does it cost, is there long-term sustainable potential. But, of course, there are many other things that are both unique to individual states and local governments, as well cut across, but may not be covered in as great of detail here.

So then just a couple more quick things I want to show you in this document. As you see in Table 2, again, we tried to pull up the key factors for you to consider when trying to figure out the program that makes the most sense for you. These are some of the quantitative numbers. And then we also looked at some qualitative factors in Table 3. How applicable is the program to a broad base of constituents? How complicated is it? How sustainable is it? What's the opportunity to leverage these activities?

And then the heart of this document is really a set of snapshots for each of the programs that walks through in a relatively short, concise format of summaries, target markets, job requirements, etc. You can find this for each of the 10 programs. In stage 2, within the next couple weeks, we hope, the plan there is to add more references, more key language, and program plans and training materials—basically anything else to make it more actionable for folks. We'd love any feedback. And that's it for me.

Catherine Morris: Why don't we see if we have any questions right now? Anyone have any questions for Cindy before we move on? Again, remember to push #6 to unmute your phone if you have a question.

Questioner: Hi Cindy, I'm wondering how are you going to put together a standardized method to let us know when you have made significant upgrades to this toolkit? Or is it going to be incremental updates to the toolkit?

Cindy Jacobs: That's a great question. For the, what we're talking about is stage two, we'll try a blast e-mail as we have been. I hope many people on the call, if not all, are receiving information through those channels. In terms of some of the in-between changes as we make corrections or simply make some important changes, if you'll notice at the very beginning of the document there's a date, I think April 3<sup>rd</sup>, even though we

initially released this on March 31, because we made a set of changes after the first week. So that's one way you can go and see that there will be a new date on the cover. The intention is if there are major changes, we would do our best to make that known. If they were major overhauls, we would say something on one of the introductory pages. Hopefully that answers your question.

Catherine Morris: Any other questions for Cindy?

## **Integrating ARRA and Existing Energy Efficiency Programs: EmPOWERing Marylanders**

Catherine Morris: Ok, then why don't we hand the presentation over to Walt Auburn, and while you're getting set up, I'll introduce you. Walt is the Director of Energy Efficiency for the Maryland Energy Administration. Although he has been at MEA since 2001, he has over 30 years of experience in energy, housing, and environmental issues, and not least of which is that he has already built two energy saving homes. So we wanted to invite Walt particularly because he has the perspective of one of the states that is also a RGGI state, which means that they've had to think about how to integrate the new stimulus dollars with the money that's being directed at clean energy programs already from the CO<sub>2</sub> auction proceeds. That provides I expect an additional challenge, and we wanted to hear a bit more about how you're making that work. Walt, I see your presentation now, so I think that means you're ready to go.

### Slide 1: Integrating ARRA and Existing Energy Efficiency Programs

Walt Auburn: I wasn't sure if that was going to work but I did finally figure it out. Thanks for the introduction and thanks to all the people who are signed in, and feel free hopefully by the end of this we'll have a few questions that we can chat about in terms of activities. Maryland is in one of those unique positions where we haven't done very much in terms of energy efficiency over the last 10 years and over the last year and a half we've gone basically from 0 to at least 60 miles per hour in attempting to get and launch a whole series of energy efficiency programs. So I'll talk a little bit about that and how all of the essentially stimulus package funds are going to sit on top of this and some other funds and how to integrate them.

### Slide 2: Preparing for ARRA via EmPOWER Maryland Energy Programs

Walt Auburn: About a year and a half ago our governor decided that he would put a marker on the table as it were and essentially try to get Maryland into the scene. Maryland was placing 47<sup>th</sup> on ACEEE's list of state expenditures by utility programs. We were spending 1 cent per capita as of two years ago. So we passed this legislation that rockets us up into at least the goal setting zone of California and Vermont and a few other states that have been at this for many years. To make that goal basically good, essentially the legislature and governor put through some legislation the last session that directed utilities to do about two-thirds of the energy efficiency goal and 100 percent of the demand-response goal. And we have spent a considerable amount of planning time over the last year and a half working on that. In addition, like many of the states in the Northeast, we are one of the regional greenhouse gas states, where we signed on basically the carbon auction allowances. For Maryland, in terms of carbon allowances, we're pretty close to actually New York in size in terms of how many allowances are auctioned. Our estimated dollars per year from that auction allowance is about \$100 million per year. We speculate that the utilities will spend between \$100 million and \$200 million per year on energy efficiency. So we've got some really big goals laid out, and that's pre-stimulus package.

### Slide 3: EmPOWER Maryland EE Planning

Walt Auburn: You can see the \$800 million that we expect utilities to spend over the next basically five years. And we developed that with assistance from EPA about a year and a half ago, as well as DOE, ACEEE, and a bunch of consultants to put these pieces together. I must admit that's helped a lot as we've looked at what these different stimulus package programs could fund. A lot of people have tried to figure out how do try to get input from stakeholders as part of this process with two separate funding sources that we have on the books. We did a lot of town hall meetings, stakeholder meetings, over the last six months, which helped considerably.

### Slide 4: Implementation Dilemma – Utilities & Energy Offices – in the Same Sandbox

Walt Auburn: But when you have two different entities working in the same sandbox as it were, issues can arrive. Not only EPA but DOE and many others have entered that sandbox process with us to attempt to sort some of these issues out. At the end of the day the utilities really chose the majority of programs. Actually, as Cindy was showing many of the suggested items in the toolbox, I'd say Maryland is probably doing 80 percent of those programs, primarily run by utilities. MEA essentially ended up working on programs that are not duplicative of utilities but rather support them. So as we move forward with our regional greenhouse gas money, we are probably going to work on some very specific programs—multi-family housing and probably quite a few revolving loan programs that will support the utilities. We deferred because the utilities were going to be spending more money. We took the second position to do mortgages and loans. We are definitely in that second position there.

### Slide 5: Lowering Bills and Creating Jobs Through Energy Efficiency

Walt Auburn: As I was just mentioning, MEA has proposed to invest in multi-family housing. It's one of the more difficult sectors to get into, but it's one that's really right for a considerable amount of work. I was just at a meeting today with one of our sister agencies, our housing and community development agency, and they have literally dozens of projects that we will probably work with them over the next six months to make sure that, instead of just getting code houses and structures and apartments in terms of energy efficiency, we're going to try to get them to ENERGY STAR level if it's new construction, or 15 or 20 percent above where they currently exist. We anticipate doing a lot of incremental cost funding for multi-family projects, and actually getting in the middle of the process with the developers to advise them and even do some in-the-field work and training because most of them are not familiar with all the ENERGY STAR or general energy efficiency retrofit procedures.

We're also going to do a lot of different kinds of loans. The capital markets are pretty frozen up out there and we do know that we're going to add loans to the residential, commercial, and industrial sectors. We've got one program that exists already in Maryland, so we'll use that particular lot-and-loan program, but we're also going to go



out to the private sector to see if we can get additional capital to match the \$10 million or so that we're going to put into revolving loans.

#### Slide 6: Residential/Commercial/Industrial Revolving Energy Efficiency Loans

Walt Auburn: This is the loans piece. We have had lots of discussion with the utilities, and our public service commission will be, over the next month and a half, essentially confirming the last of the residential and commercial programs, and then we will work with them to put these loan programs on top. Our vision is, even though there are a couple of different sandboxes that we have in Maryland, we're trying to make it one large sandbox so that the consumer—that anybody who enters a house or business—knows essentially what's going on in all the programs, whether the state energy office is running it, whether a weatherization entity or other sister state agency is running it, or the utilities are running it, or that the federal government has tax credits. Whoever enters a house or business will have all of those programs. We're also doing a general awareness campaign that will help citizens and businesses see that there really are two or three different pieces of funding to make these programs work.

#### Slide 7: Green Job Training and Technical Assistance

Walt Auburn: In terms of particular successes, we are linking our fledging Home Performance with ENERGY STAR program that we've had running in Maryland. We've trained somewhere in the neighborhood of 124 retrofitters and we have several hundred on our waiting list. And with some struggle we've agreed with our sister housing agency that runs all our weatherization programs to have the BPI testing as the entry level standard for both home performance residential retrofit work as well as the work done in weatherization homes. We will be adding some DOE weatherization, training on lead, and combustion safety, as well as a number of other things to what we normally do for our Home Performance program. We're also going to partner with a number of different agencies.

#### Slide 8: Lowering Bills and Creating Jobs Through Renewable Energy

Walt Auburn: One quick slide on renewables. We are doing a whole set of renewable programs. This probably won't be done in much concert with utilities, since they're not really running renewable programs. This will be separate.

#### Slide 9: Evaluation, Measurement, and Verification (EM&V)

Walt Auburn: Lastly, MEA and a number of Northeast states have been working with the Northeast Energy Efficiency Partnerships to collaborate on some group research efforts on evaluation, measurement, and verification. We just had a hearing today, so we are trying as a group of utilities and the state energy office to set standards across the state. It does look like we may fund the forum activities. The utilities will do a group EM&V contract, so all utilities will be essentially on the same standard because in Maryland and in the Northeast, people are going to be able to bid energy efficiency into the wholesale

market. So we need the EM&V protocols to be the same as well as be able to deliver correct energy facts and figures to the Department of Energy as a part of the stimulus package. MEA, because of some procurement restrictions, won't be able to participate with the utilities in their one statewide RFP, but we will model ours to match what the utilities are doing as well. Hopefully by the end of the day we will have a fairly integrated package.

#### Slide 10: Maryland Energy Administration Contact Information

Walt Auburn: Those are my comments. Thanks.

Catherine Morris: Thanks a lot, Walt. I know there are going to be a few questions for you and I want to open it up to questions on the phone. I should remind everybody, I should have done this at the beginning, that we actually make recordings of these webinars so that we can post them on the Web site so anyone who wasn't able to attend can download them later. Not to discourage your questions, but we are recording, and if you want to send your questions in online that's appropriate too. Just introduce yourself and your organization and hit #6 to unmute.

Well I'm willing to kick it off. This is Catherine Morris. As a resident of Maryland, one of the things I've been hearing a lot about is the dilemma both in Maryland and other states of the fact that states are having to cut back on their jobs. I'm wondering with this big ramp up of programs and activities, how you have been managing to handle staffing and planning for these efforts.

Walt Auburn: I think that's probably one of the more difficult things; we're struggling just as much as any other state. As an energy office we have probably 19 people and of those only four people are working on efficiency. We are strapped like the rest in trying to hire as fast as I can another three or four people. But at the end of the day we anticipate doing what the utilities in Maryland have been doing, which is hiring third-party contractors to help on the implementation. We are definitely doing that and working with sister agencies to work on implementation, but the whole energy efficiency field is going to be hard pressed to get all of this stuff done as fast as we need to get it done. And truthfully, a related issue is many states like Maryland have procurement laws that can take six months to a year to get major procurements out on the street and to the actual point of hiring some help. Those make decisions to work with other governmental or say community college agencies to deliver some of these services. You have to look for alternatively short-term strategies to make it work.

Catherine Morris: Other questions?

Eric: Hello Walt, this is Eric in the state of New Mexico. Are the programs you are discussing both allowance funded and stimulus funded? Are you able to do that? Or do you have different funding for different parts of your program?

Walt Auburn: Great question. We are actually combining funds from both sources: the carbon allowance auction process as well as the ARRA funding. The challenge and dilemma is making sure that we keep the correct statistics for each of the programs. So we've had to set up all the different accounting codes to track all the different things. We have a fairly elaborate statistical tracking system in the state of Maryland that the governor likes. We have up to three different pages of stats that we have to keep on various programs. It will be a challenge to keep all the dollars and statistics straight. We have the fun process of being forced to take all the utility program statistics as well that are funded through our regional greenhouse gas fund and provide those to the governor as well. That will be many, many tens of thousands of data points I'm sure.

Catherine Morris: I know as part of the capacity market that you have been participating in and planning for that you're focusing primarily on demand and energy savings. Can you expand a little bit on the data sources or methods that you've looked at for actually calculating jobs benefits from the stimulus money?

Walt Auburn: That might actually be a broader question. We've looked at some numbers, but I don't know that we have the best statistics in Maryland on how to actually do that. We've seen some numbers, but I think they really vary from category or type of work that you're talking about. If you're doing field installations for energy efficiency retrofits you may need quite a few people for each \$100,000 of \$1 million spent, but for more technical projects it may be much fewer numbers of people. I don't think we have the best statistics so if you or others have them, I'd certainly love to see them.

Catherine Morris: I know Monica is going to talk a little bit about that from the perspective of Iowa. Has anyone else on the phone started looking at that question of how they plan to address the jobs accountability?

## **Federal Energy Stimulus: The (Draft) Plan for Iowa**

Catherine Morris: Well, maybe that's a sign I should turn it over to you, Monica, because I know you've been looking at that. Monica Stone is our second speaker, and she is the energy program director of the Iowa Department of Natural Resources. One of the unique things about Iowa is that they have been selected as one of the 16—or was it 18—states that were selected for a more intensive audit process by GAO, and that means they are going to have to be paying particular attention to this question of tracking their efforts. Monica has more than 18 years of experience on energy policy and programming. Part of that time was spent at Pacific Gas & Electric Company, but she returned to Iowa in 2008 in her current position. So Monica, take it away.

### Slide 1: Federal Energy Stimulus: The (Draft) Plan for Iowa

Monica Stone: Hello. As you mentioned we are one of the “lucky” states that will be receiving extra attention from the Government Accountability Office. We will have GAO folks here in our state one week a month looking at the federal stimulus spending not just on the energy side, but for the entire state as a whole. It's a measurement and accounting for our work and transparency in what we're doing. While that was always the intention as we moved along, it sort of got a boost in terms of our thinking on that.

Let me start by telling you just a little bit about Iowa's Energy Office and where we're coming from. While you were speaking I have to admit I felt a bit like I was in group therapy because we're very much in the same situation in terms of energy office history and where we've been. Our energy office back in the day, more than 10 years ago, had 30 people and was a very robust energy office. And over the last eight years has dwindled and we're down to seven full-time staff members and five contract staff members who work with us part-time in our energy office to deliver our programs. Four of those seven full-time staff members are dedicated to a \$100 million fund in the state for research demonstration and early stage commercialization. So in reality we have about three people full-time and five part-time folks who work with us on energy program delivery in Iowa. When our primary program delivery was related to the formula grants for the state energy program, that seemed to be okay. And then when people started talking about raining down buckets of money on the federal stimulus, we started to get really nervous and rightly so.

### Slide 2: Preparation

Monica Stone: So, as a part of that, we really paid a lot of attention to our preparation for the stimulus. One of my favorite quotes by Abe Lincoln is: “If I had six hours to chop down a tree, I'd spend the first hour sharpening the ax.” And so I'm hoping that we can claim that kind of investment and sharpening the ax so to speak. We did a lot of investment and preparation as a state related to our energy plan, not unlike Maryland, although all of our utilities have a long and actually pretty significant history of investing in energy efficiency. Our utilities spend about \$150 million per year on energy efficiency, and we're at a point where we're able to save about 1.5 percent of the demand in the state

through energy efficiency. So those long, ongoing programs have been a great benefit to us, and as I mentioned, we had a fairly robust state energy office in the past, so we have several programs that were in moth balls just waiting for people to come back and make them work. So, we're hoping to bring those together into the stimulus package as well.

And so the state developed an energy plan that was released in the first part of the year, just at the time when people were really starting to talk about what stimulus funding might look like and what energy's role would play. And, like many other states, we started to look at where we could get the most bang for our buck in terms of job creation and in terms of environmental impact and came up with energy efficiency recommendations, renewable energy recommendations, and, of course for Iowa, certainly biofuel recommendations were very important. With that plan, we also knew where we could make the best investments that could create jobs and bring economic growth to the state. So, it was very important.

Next, we looked at what our existing programs were. I already mentioned the utility energy efficiency programs, but Iowa also has had strong programs in its state energy office in the past, in particular our public buildings program has always been a significant contributor to energy reduction and renewable energy generation in the state. Between 1989 and 2000, we implemented about \$500 million in energy improvements that included renewable energy in our public sector. Since that program has dwindled over time, we're bringing that back to life and expanding it as part of the stimulus package.

We also looked at underserved markets. In terms of providing funding and financing for projects, in particular markets where it's hard to homogenize the credit like nonprofit organizations, or certainly the ag. sector, commercial sector, or industrial sector, were hot targets for us because getting credit for investment in energy efficiency and renewable energy is an enormous part of our plan for the stimulus. And so creating credit markets for those groups will be important in our planning.

And last, but definitely not least, is capacity. I've already talked a little bit about our staffing capacity, or certainly lack of bodies and feet, but there are also issues with our capacity to deliver energy efficiency programs from a marketing perspective, from a technical perspective, even from a construction perspective that we have to deal with.

### Slide 3: Existing Programs, Capacity, and Underserved Markets

Monica Stone: So in looking at our existing programs' capacity and underserved markets, of course the first place we've looked at were our utility energy efficiency programs. Our investors and utilities in the state have done a good job of setting up market partners and creating good markets out there, and so we're working with them to up the gain in terms of leveraging their relationship with their partners.

So that means offering special training to folks who have already started working with utilities to deliver energy efficiency programs, to get more staff members in the existing companies ready to implement energy efficiency. We've also been looking at how we can

get more people trained to do energy audits and investment-grade analyses in larger facilities and again working with utilities' existing contractors to employ more people and get more people trained.

I mentioned our public buildings program. Our public buildings program is predicated on a financing arrangement that we have with Wells Fargo that allows any public facility in Iowa to finance its energy projects and pay for them with the energy savings, and so there's no opportunity for public facilities to say they don't have the money for energy efficiency. We'll be looking at leveraging those funds with the stimulus funding to get more work done.

In training, we have community colleges that have done a great job in stepping up to the plate in training folks to work on renewable energy systems. In particular we have a lot of people who come to Iowa to learn how to build and fix and maintain wind systems as well as biofuel systems. We're continuing that work into the energy efficiency field—looking at short-term training for people already working in the field who can bump up their skills to deliver even better work and looking at longer-term professional training skills as well.

In ag. energy management we're working closely with our USDA folks and RCF folks and making sure we're understanding what's happening in the ag. market so we can improve our work with them.

I mentioned the Iowa Power Fund. It's sort of a continuum. The Iowa Power Fund provides funding for research and development of early-stage commercialization, and then the other programs pick up where that leaves off for implementation. And then we have the benefit also of the Iowa Energy Center, which offers grants and information to Iowans about energy efficiency and renewable energy. So coupling with their marketing and outreach efforts has been important to us.

So our draft plan. You'll notice right away that we don't include residential in this draft plan and part of that is because I'm not necessarily focused on the energy efficiency community block grant money. We're hoping to do more residential through there, but we have specifically chosen not to focus on residential with our SEP funding. We will be looking at providing cost share in the public sector for those loans that I talked about, doing a small amount of technology demonstration for those technologies that are underused in Iowa like rooftop solar or off-grid wind, setting up a revolving loan program to create credit markets for the nonprofit sector and doing the same thing in the ag., industrial, and commercial sector and a revolving loan program that will help people finance projects over time. Getting people trained and providing information to people about how to go about participating in the stimulus. With this training we're not looking at creating long-term, degree processes, we're talking about really just getting people who are in the field already better trained to do better work in energy efficiency. And then, again, our focus on communities and hoping that our communities will be working with residential customers in the state.

#### Slide 4: Layers of Accountability

Monica Stone: So, layers of accountability. We have many of them. So, it gets to be kind of interesting when start talking about how we're going to make sure each one of them is happy. In Iowa, as I mentioned earlier, we have the Government Accountability Office and the Department of Energy layer of accountability. And those layers of accountability at least right now tend to be geared toward whether we have the capacity as a state to deliver the program and to be perfectly frank I know that the GAO is a little bit concerned about the low levels of staffing that we have in our energy office to deliver energy programs and we're working with our legislature to gain the authority to hire additional staff, probably even as we speak that work is going on. Certainly in terms of accountability, having the people to deliver the programs and put processes in place has been an enormous question and a big issue for us. We do have the opportunity to contract as Walt mentioned that they'll be doing in Maryland, but we have again the same restraints in procurement that could make that take a long time. So we're hoping to have the staff to solve that problem.

The Iowa Department of Management, you'll see on your screen Iowa DOM, has done a phenomenal job of creating a statewide infrastructure for managing the federal Stimulus process. And they've established working groups within the state to deal with energy, housing, public safety training, all kinds of efforts, and brought together state agencies. I'm going to talk in more detail about that later. But they've set up a really strong process for tracking information among agencies about what funding is coming into the state, and then what funding will be available competitively.

And then there's our office and what we'll be doing. I think I saw folks from Minnesota were listed on the call, and I'll give you all credit. We're going to steal shamelessly from Minnesota in terms of how we're going to set up some accountability for the work that we do. They have a great program called the B3 Program that we're hoping to work with their contractor to bring to Iowa. And we're looking at how we can use that program to do accounting and monitoring for the customers that participate in our programs related to stimulus, as well as being able to use that to rank needs for people out there. And that program allows you to put information into a database and say, well, these buildings need more help based on how they rank in comparison to a number of different factors, and these buildings are doing pretty well. It allows you to track that over time to see your impact. The switch that we're making on it hopefully here in Iowa is that we'll be able to download ongoing data from the utilities directly in terms of consumption. So, when you look at energy efficiency programs, that's great because you can get real-time data directly from the utilities to move that forward.

Then in terms of fund recipients, right now we're really focused in terms of accountability on transparency. Not unlike the folks in Maryland, we've had some town meetings, but we've also established some working groups. We have a utilities working group, a public sector working group, a renewable energy working group, a private sector working group, and the list goes on. Folks who are meeting on a regular basis are giving us feedback on plans and programs as we move forward and also to identify how we can

improve our capacity. We have set up an electronic feedback system so people can look at our plans and let us know what they like and don't like about them, and we will be holding a series of public hearings on the plans as well. I don't know what that means in terms of my ability to sleep in the near future, but we'll see how that goes.

#### Slide 5: Measurement

Monica Stone: So measurement. We talked a little bit about what recipe will we follow when we look at measurement—a national standard or something state-by-state? Earlier on we were talking about job creation and how we were going to measure it. We've done a little bit of research into that area and for Iowa, which again, might be a little different than other states because we do import so much of our fossil fuel requirements for the state—about 70 cents on every \$1 we spend on energy leaves our state. So that makes us a little more dependent on outside sources than other states. But, that said, for every \$1 that we spend on energy efficiency and renewable energy in the state we keep about 37 cents of that in our state to revolve in our economy. What we've determined in our research is that that amount of money creates about eight direct jobs—and when I say eight direct jobs, that's not for every \$1 we spend but for every \$1 million we spend—and then 22 indirect jobs. I'd be happy to share with folks the analysis that was done to come up with that information and maybe how that would fit with your own state moving forward.

#### Slide 6: Collaboration Among Agencies

Monica Stone: So collaboration among agencies. Boy, it has made our heads spin just a little bit. But, as I talked about, our Department of Management has done a phenomenal job of setting up internal working groups to state agencies so that we can work together. Again, I'd be happy to share their processes and databases that they are in the process of putting together; they'll all be available online. If they're helpful to anybody, we'd be happy to forward those along.

#### Slide 7: Challenges

Monica Stone: Challenges. I've talked a lot about staffing. It's an enormous challenge. State and regional capacity—we're not sure if we have enough folks to go out there and deliver this, but we're working on changing that. Communications—making sure that everybody knows what's going on at the same time or at least in a timely fashion has been tough, but I think we've set up some good newsletters and frameworks on our Web site that have made that a little easier. Then in terms of program planning, it's been a matter of do we want to send out big pots of money to get great splashes of programs or do we want to look at blanketing the state with medium- and small-sized projects that can really make a difference in every community. And striking the balance there has really been a challenge. And then also the many versus few question—do we want to do a lot of projects with a modicum of assistance or do we want to do just a few projects that we're really able to track and verify. Again, working on striking the balance with that to meet the need for stimulus and job creation along with the other economic and environmental



impacts has been important to us. I'd be happy to talk about some of that decision-making if that's of interest to folks. And that's the end of my show.

## Questions and Answers

Catherine Morris: Thanks very much, Monica. Questions? Any questions for Monica?

Pierre: Hi, this is Pierre from the California Energy Commission. Monica, I have two questions for you. The first is, I've got a little study here that shows energy costs by state, and it shows that Iowa's energy costs for electricity and gas are eighth lowest, combined, in the country. California is way down around 44<sup>th</sup>. I was curious if you have a public goods charge on your utility bills that could help fund your energy programs?

Monica Stone: I talked about the energy efficiency programs that our utilities deliver, and those are delivered using a public goods charge. There used to be that a standard rate of 2 percent of the gross operating revenues of utilities were collected through a utility surcharge and then returned to customers through energy efficiency programs. That's now changed, and our utilities base their programs on an assessment of potential. But it remains a utility surcharge in that it does not come through the state; it is delivered directly from the utilities.

Pierre: My second question is related to technology demonstration. I know at least at your research universities, there's a lot of interest in soil carbon sequestration or even carbon capture and geologic storage. Do you have any programs in that area or are you considering linking any of the funding to those areas?

Monica Stone: Actually that kind of research is something that is funded through the Iowa Power Fund and we're not currently intending to fund that through stimulus, but we have funded a number of projects on carbon sequestration and carbon capture and all of those sorts of things. If there's an interest in any of those specific projects, I'd be happy to provide more information about those projects as well.

Nami Lo: Hi this is Nami Lo from EPA Region 8. We have heard from our counterparts out there in Kansas and Iowa about the governor's Rebuild Iowa program as a result of the floods and tornadoes last year. Do you think that some of these communities that are rebuilding and want to rebuild green and go a little more off the grid with energy independence will be able to get good access to the programs and be considered as a special community group at all?

Monica Stone: That has been an important discussion here in Iowa and also in the legislature as we've approached the legislature to add staff, because one of the things they have wanted us to do is to focus both on the areas that have had flood impact, as well as on areas that have experienced significant decline because of unemployment.

Interestingly, the way the state created the Rebuild Iowa office is that they borrowed state employees from other agencies to staff the Rebuild Iowa office, so they created great connections within the agencies and within the programs of the state. So we are working very closely with Rebuild Iowa office to make sure communities that were impacted by

the floods have information about the federal stimulus funds and access to the processes that we'll be going through.

In addition to that, as I mentioned the Iowa Power Fund—a \$100 million fund—about \$7 million of that fund was taken specifically for energy efficiency improvements in those flood areas. For example, communities that get rebates from their utilities through our utility energy efficiency program are able to get double the rebate that they would normally get using a combination of Power Fund dollars and utility energy efficiency dollars. Then, adding on top of that the potential for stimulus dollars, I think we are going to be able to leverage pretty significant investments both in renewable energy and perhaps some off-grid systems. That would be great. I think we're going to start seeing some net-zero energy buildings. We actually have one airport that's on its way to being a net-zero facility as well.

Catherine Morris: I have a question for both Monica and Walt. I'm wondering if you have any state programs that are using stimulus money that are directed to environmental justice or underserved communities?

Walt Auburn: Monica, you want to do it?

Monica Stone: I can start. We haven't specifically set out to address those markets, but I believe that based on conversations with our legislature we are going to be looking at directing funds, again, specifically to those areas where unemployment has made a significant impact and then also targeting those areas that have populations at or below the federal poverty level. In Iowa that tends to be the southern part of our state. And so looking at how we can do a better job at, certainly for outreach, but also targeting those communities for energy efficiency will be a big part of our work.

Walt Auburn: From the Maryland side, we haven't specifically targeted environmental justice projects per se, or given any kind of points to those kinds of projects. We did just finish a community grant process with some of our regional greenhouse gas moneys. We got maybe 80 different projects that were proposed. We're probably only going to fund about 15 to 20 of them. But they did really cover territory that I would certainly consider projects that respond to lower incomes, particularly in urban sectors of Maryland. We'll get it, probably not quite as directed as EPA's environmental justice or environmental ed types of grants, but we also are looking at that as well.

Catherine Morris: Here is another question that came from Nathaniel. I'm not sure if he's with local or state government. He's in a state—Colorado—that has not yet issued guidelines, and he's wondering whether or not there is any disadvantage for local governments and communities to start submitting proposals to the state government right now for how they think the stimulus money should be spent at the local level. As two states, are you already starting to get local government proposals and would you rather they sit back and wait or were you happy to get them as soon as possible?

Walt Auburn: We're already getting proposals, probably more from businesses than we are from individual counties, although we are getting a few of those. There are good points and bad points. One, it takes us away from staying on task and planning, but on the other hand, it is another form of input and gets you thinking about the kinds of strategies you want to implement. Even though we're getting some of that and it's a bit of a distraction, it has a positive bent to it in that we're already using some of those ideas and we're also using these ideas when we did the community grant process. The idea always was to look and see if there are any great ideas that we could then implement through our utility processes or regional greenhouse gas funds in future years. I think input is good and, unfortunately, in such a compressed timeline we can't take advantage of it as much as we probably should.

Monica Stone: I would echo what Walt said exactly. We are seeing some projects come in. We don't have a formal process for that yet. What I tell folks is to feel free to go ahead and send me information but not necessarily to expect immediate feedback on that. But we are trying to glean from what we're getting how we can best plan our programs based on that, and I welcome that. What I'm also telling people is a down side is that if you send me something the chances of me asking you to participate in a planning process or committee are pretty big. So unless you want to get involved, you can keep the information to yourself.

Catherine Morris: I have a couple more questions online, but I wanted to give people on the phone a chance to jump in. I wondered particularly whether anyone on the phone had any experience or resources that you found useful to go back to the question that Walt was asking on the jobs front and accounting for job impact. Monica, you said that your state has developed a calculus for that and that you would be happy to share it. Is it documented somewhere on your Web site?

Monica Stone: It's not currently on our Web site, but I can make it available to you and it is going to be on our Web site shortly. It was an analysis that was done for us by a consultant, but we also asked for some scenario analysis that allows us to input information based on certain situations on our site. But, as was pointed out earlier, we have pretty low utility rates and high import of fossil fuels into the state, and so we may not be applicable for everybody.

Catherine Morris: Are there any other states on the line that can offer some advice on this front? I know there are some forums I've heard of where the federal government is looking at ways to try provide guidelines on this type of accounting, but I don't know the specifics. I was hoping someone else would.

Cindy Jacobs: This is Cindy Jacobs again from EPA. I'll just throw out there that folks might want to take a look at the information that is in the RDEE Tool Kit. There is an appendix in the document that describes how we did the jobs estimates that are in that document. Now, those are not necessarily going to be exactly the right numbers for a particular state. I think it was pointed out that it sort of depends on a lot of things. But, there are some studies cited in that appendix and it provides a range based on that

literature. For each program we did run numbers—illustrative and sort of ballpark type estimates. That can at least give you a frame.

Catherine Morris: Thanks, Cindy. We have another question coming in for you Walt, and it probably also applies to Iowa as well, because you both mentioned that you're implementing some type of revolving loan program. One of the questions is whether or not the state will actually be managing the revolving loan fund. I would just add to that, what kind of criteria do you use to select what projects would be eligible for it?

Walt Auburn: Good questions. We were talking about that earlier today. Maryland has had it from the days of the Petroleum Violation Escrow Account. Actually, I was in California when that thing got created. I was working with the California Energy Commission from another state agency on how to spend that money. We have used that money apparently for years; I have been here for half a dozen. We've used those funds primarily in recent years with other state agency energy performance contracts, kind of as an addition and a way to get a few more energy measures incorporated into standard EPCs.

We have a long-standing revolving loan program that's legislatively created that we do every year. It's usually only funded at a \$1 million level. We are going to fund it at a \$10 million level partially with stimulus money, and our Department of Budget and Management was asking us questions this morning about why not double or triple? States take the perspective of wanting to have all that energy for themselves, but the energy issues revolve not only at state agencies but also at businesses and homes. We were trying to tell the management agency in Maryland, you need to share the wealth a little bit.

But for the other loan stuff, we do have a loan process that we can do with communities, nonprofits, local government, and businesses already passed, and we probably will use the existing loan mechanism that we have for some of our work. But we have been in discussions, and in the Washington, D.C. region there's a couple of consortia that have been put together to leverage private financing for a lot of energy performance contracts or that style of contracting—more commercial, institutional level. We're having our second and third sets of discussions on how to leverage some of our money with private capital. We're writing RFPs right now to hire a financial manager to help us expand the process. And that will take a while, so we're going to use all these existing loan processes to get started and then hopefully save a little of the stimulus money for this expanded effort later this summer.

Catherine Morris: Monica, do you have any observations about how your loan program works and who's going to be administering it?

Monica Stone: Sure. The revolving loans fund that we'll be offering will be for nonprofit and ag., industrial, and commercial. The ag. funds may well run through our Farm Bureau, but we haven't solidified any relationship around that. We also have an Iowa Finance Authority in the state that manages a number of revolving loan funds for us, and

so we're considering contracting with them to have them manage the funds on our behalf. I'd just as soon not be the banker, so I am looking for homes for those funds.

Catherine Morris: Other questions from the phones?

Pierre: This is Pierre again from the California Energy Commission. I do have a question about potential investments in transmission and smart grid and whether both states have had similar issues with transmission that we might have out here.

Monica Stone: Here in Iowa we do, in particular as it relates to wind generation. Iowa has a lot of wind generation and it fluctuates where we are in terms of per capita and absolute amount of wind, but we're right up there. But the difficult part of that is it's in the northwestern part of the state where there aren't a lot of people, and so getting those electrons out to the population centers east and west of us is very important. Definitely smart grid, improving transmissions systems, adding transmissions lines, is very much at the front of our thoughts and how we're dealing with stimulus funding on the competitive side of things.

Walt Auburn: In Maryland, we got a Department of Energy grant about six or eight months ago. Essentially this was to do a smart grid baseline study to figure out what are the particulars that are issues in Maryland. We just really started with our partners, which are a local consulting firm, Energetics; ACEEE; and a fairly well-known firm that does a lot of utility planning around the United States, R.W. Beck

We are in kind of a dilemma because the DOE state energy program grant lasts three years. We were going to try to compress the timeline to get it done this year. And then lo and behold \$4.5 billion became available for smart grid projects, and we put in legislation a year ago that the Public Service Commission was supposed to study and make recommendations on smart meters and smart grid infrastructure. So now all the utilities in Maryland essentially want to propose individual smart grid applications to DOE. So that puts us in this quandary of not knowing and not being able to do as much planning as we would like to do. It will be interesting over the next couple of months to see what the utilities are going to propose. Then the dilemma is, for the Public Service Commission, are they going to be ready to actually endorse specific utility programs on smart grids before they finish their own studies. So, it's a bit of a dilemma.

Catherine Morris: We had another question about whether or not if you have an RPS in your state whether you're using any of the stimulus dollars to specifically increase either renewables or efficiencies to meet those targets.

Walt Auburn: In Maryland, we do have an RPS target. We are doing one part of our stimulus planning on the renewable side toward trying to attract businesses that will increase renewable product production. It's really a little different than our legislation to hit the 20 percent mark by 2022 on renewables. So we're trying to create some businesses here that will actually build turbines, PV panels, that kind of stuff. Whether we'll be successful at that I'm not sure. It's somewhat not a completely direct link to increasing

the number of installations that are renewable-related. It will be interesting to see what happens with that strategy.

Monica Stone: And very much like Maryland, Iowa does have a renewable energy portfolio standard, but our renewable energy generation in the state exceeds it pretty substantially. So, our RPS is somewhat irrelevant in terms of public policy at this point because we've exceeded it so substantially. But we will be looking at helping manufacturing facilities be more efficient in the delivery of renewable energy systems in the state, so those folks who are already in the state building wind turbines, manufacturing blades, and building photovoltaics, all those sorts of folks will be able to access funds to make their product cheaper, hopefully.

Catherine Morris: Monica, while I have you there's one other question, a follow-up question, about whether or not there was a case study on public building financing programs that you mentioned earlier.

Monica Stone: Absolutely, I'd be happy to share case studies and result information with folks. Right now because our office is transitioning from being a part of a large agency, the Department of Natural Resources, to being its own agency, the Office of Energy Independence, the Web site transition is underway so you won't find it under our Web site. But I'd be happy to send it either to include with this information or to send it to people directly.

Catherine Morris: Okay, actually if you do send it to us, we can get it posted up with the other background documents and the recordings so people can go there to look for it. Any other questions? I know there are also other states that have their own particular challenges, and I would certainly welcome any comments from states about where they could use some additional help, which goes to Cindy's earlier question today.

Let me throw out one more. There was a question that—it looks like they might not be on the line now—but it might be useful to the other participants. There was a question about whether or not either of you have had a chance to think about or actually implement some measures to translate the emissions benefits directly into your SIP credit for the state air quality planning process, and whether you're collaborating with the air agency to do that.

Walt Auburn: In Maryland we are. We've had a whole series of meetings, and we've had a whole series of different pieces of legislation—the Healthy Air Act and then a whole year-long Climate Action Plan process that we've gone through. And so there are now many, many individual actions that are part of that Climate Action Plan. We just recently had a meeting with our Maryland Department of the Environment to essentially try to work through the translation of all the energy savings to various environmental benefits. It's basically a work in progress, but over the next couple of months we will have that piece in place. And then the governor's office, which we are also a part of, is also doing a full-state carbon footprint process, so all agencies are doing analyses of how far people drive in trying to come up with an overall carbon footprint for Maryland.

Monica Stone: In Iowa we do have in place measurement tools that we worked with our air quality folks to develop that give us both site and source emissions reduction based on energy improvements in the state as well as renewable energy generation. So there really hasn't been this question of including those in our state implementation plan, but I wrote that down as something in particular that our air quality folks call about. So, thank you.

Catherine Morris: Again people are asking what the Web site is to get the documents. It's on your control toolbar. If you'll open up your chatbox, we post that on everybody's site when you join the webinar, the Web site is listed there. It's also listed at the bottom of this agenda; you can see the URL posted there. It's posted currently on the Keystone Web site, but it will be posted on the EPA Web site shortly. Julia, I'm not sure if you over at EPA have had a chance to get this posted yet.

Julia Miller: We're usually a couple days behind Keystone, but we'll have them up probably in the next week.

Catherine Morris: Well I'll open it up for one last chance for questions or comments about your experience. Then I will just thank our speakers again. This was a great call and it's exactly the type of how-to advice I know we were looking for from you, and we appreciate all the time you've put into this. And, just to remind our participants, next month will be a discussion of feed-in tariffs. We'll let you know the date as soon as we know. Thanks again everyone. Hope you can join us again next month.