

Colorado Climate Network Update Applying for Energy Efficiency and Conservation Block Grants

Updated March 6, 2009

This Update provides information on the \$3.2 billion in new funding for Energy Efficiency and Conservation Block Grants (EECBG) in the recently enacted stimulus [legislation](#), with an emphasis on what local governments need to know and do to be able to obtain grants under that program. Grants will be awarded in relatively short order, and local governments need to begin taking action now to ensure they have every opportunity of obtaining funds.

EECBG is a new Department of Energy (DOE) program established in sections 541-548 of the [Energy Independence and Security Act of 2007](#) (beginning on page 177). The program has not previously been funded and there are not yet any DOE rules for it. DOE will need to issue a rule on the allocation formula and other matters before funds can be disbursed. It is not yet clear when DOE will begin making grants, but there is an Administration-wide commitment to spend these funds rapidly. Local governments eligible for direct block grants should begin the application process now (see below). Probably more importantly, local governments that may seek competitive grants should begin informal planning now for projects consistent with the statutory provisions. Those local governments that get a head start now on developing proposals are more likely to be able to get grants if they are awarded unusually rapidly.

Eligible Entities

Local governments, consortia of local governments, state governments, and Indian tribes are eligible to receive EECBG funds, in one or more ways.

Allocation of Funds

\$2.8 billion of the stimulus funding will be distributed according to the Energy Independence and Security Act of 2007, as amended by section 404 of the stimulus legislation:

- **68% (\$1.9 billion) in direct local government grants.** These funds will soon be distributed directly to large cities and counties that qualify and apply, through a direct block grant program patterned after the Community Development Block Grant Program. DOE must first set a formula determining the size of each eligible local government's grant, to be based on (1) population and (2) day-time population and other factors such as square footage of commercial, office, and industrial space.

Once the allocation formula is set, half of the \$1.9 billion will be distributed according to that formula to what the law calls "alternative 1" local governments: cities over 35,000 in population or among the 10 largest in a state, and counties over 200,000 or among the 10 largest in the state. The other half will be distributed according to the allocation formula to a smaller number of "alternative 2" local governments: cities over 50,000 and counties over 200,000. Local governments that qualify under both alternatives therefore will receive much larger grants than those qualifying only for "alternative 1" payments.

Eligible Colorado cities and counties. DOE has said on its [program web site](#) that for the purposes of determining county populations for this allocation, the population of any cities that qualify for direct grants will be excluded from the population of the county (or counties) in which they are contained. For example, in determining for this grant program the population of Pueblo County, DOE will subtract the population of the City of Pueblo, as it is eligible for its own direct grant. Pueblo County is the 10th largest Colorado county, but not crediting it for the people living in the City of Pueblo would drop it into 11th place among Colorado counties, behind Garfield County. Although DOE has not yet said which population figures it will use, if the Census Bureau's population estimates for cities and counties as of July 2007 are used, RMCO believes that 20 cities over 35,000 in Colorado and our 10 largest counties qualify for alternative 1 payments: Arvada, Aurora, Boulder, Broomfield, Castle Rock, Centennial, Colorado Springs, Commerce City, Denver, Fort Collins, Grand Junction, Greeley, Lakewood, Littleton, Longmont, Loveland, Parker, Pueblo, Thornton, and Westminster; and Adams, Arapahoe, Boulder, Douglas, El Paso, Garfield, Jefferson, Larimer, Mesa, and Weld counties. (DOE has said that combined city and county governments will be counted only as cities, so Denver would not also count as a county.) RMCO believes that those also qualifying for additional "alternative 2" payments (in other words, for larger overall grants) will include all "alternative 1" cities **except** Castle Rock, Commerce City, Grand Junction, Littleton, and Parker. Perhaps only El Paso County will qualify for an additional "alternative 2" payment, as a result of the subtraction from county populations of people living in cities qualifying for their own direct grants.

- **28% (\$784 million) to states.** These funds go to states according to an allocation formula to be set by DOE. A state must grant at least 60% of its funds to local governments smaller than those getting direct block grants. The Governor's Energy Office (GEO) will administer these funds in Colorado. See GEO's website [here](#) for more information.
- **2% (\$56 million) in DOE competitive grants to local governments.** These funds are to be granted to local governments too small to be get direct block grants (as described above) or to consortia of such small local governments.
- **2% to Indian tribes.**

The remaining **\$400 million** will be awarded by DOE on a competitive basis to any state government, local government (whether eligible for a direct block grant or not), consortium of local governments, or Indian tribe eligible for any of the grants described above. This one-time competitive grant program was funded by the stimulus legislation but is not provided for in the Energy Independence and Security Act of 2007, which authorizes the EECBG program. DOE therefore has substantial latitude in designing the competitive grant program. DOE has not yet established any criteria or rules; information will be posted on its [program web site](#) as it becomes available, and official notices will be printed in the Federal Register.

Qualifying Projects

The purposes of the grants are to enable recipients to reduce emissions from fossil fuels, to reduce their own energy use, and to improve energy efficiency. Allowable uses of funds as enumerated in section 544 of the [Energy Independence and Security Act of 2007](#) (beginning on page 179) are:

- Development of an energy efficiency and conservation strategy (which is required to be submitted to DOE within one year of receiving a grant).
- Technical consultant services to assist in the development of such a strategy.

- Residential and commercial building energy audits.
- Financial incentive programs for energy efficiency improvements.
- Grants to nonprofit organizations and governmental agencies for the purpose of performing energy efficiency retrofits.
- Energy efficiency and conservation programs for buildings and facilities.
- Development and implementation of transportation programs to conserve energy.
- Building codes and inspections to promote building energy efficiency.
- Energy distribution technologies that significantly increase energy efficiency, including distributed generation, combined heat and power, and district heating and cooling systems.
- Material conservation programs including source reduction, recycling, and recycled content procurement programs that lead to increases in energy efficiency.
- Reduction and capture of methane and greenhouse gases excluding carbon capture or sequestration from power plants.
- Energy efficient traffic signals and street lighting.
- Renewable energy technologies on government buildings
- Any other appropriate activity that meets the purposes of the program and is approved by DOE.

Under section 545(b)(3) (beginning on page 181), local governments may use up to 10% of their grant funds for administrative expenses, up to 20% for revolving loan programs, and up to 20% for subgrants to nongovernmental organizations for assistance in implementing a local energy efficiency and conservation strategy. Other restrictions are also in the law.

The Application Process

1. DOE direct and competitive grants

Colorado local governments should begin taking action now to ensure they have every opportunity to obtain these funds by registering right away with the federal government. DOE will publish details of the application process soon, and local governments will need to have completed the registration process to be eligible to receive grants. DOE urges eligible entities to become familiar with FedConnect, the mechanism for applying for the EECBG Program, by downloading and reading:

https://www.fedconnect.net/FedConnect/PublicPages/FedConnect_Ready_Set_Go.pdf

There is a sequential three-step registration process that eligible entities should begin as soon as possible, since DOE advises it will take at least 21 days to complete it:

- Step 1: Request a DUNS Number at <http://fedgov.dnb.com/webform/displayHomePage.do>.
- Step 2: Register with the Central Contractor Registry (CCR) at <http://www.ccr.gov/>.
- Step 3: E-Business Point of Contact must register in FedConnect at <https://www.fedconnect.net/FedConnect/>.

2. State competitive grants administered by GEO

The Governor's Energy Office has not yet published details of its application process for making subgrants with the funds it will receive from DOE. Check GEO's website [here](#).

This Update will be revised whenever new information becomes available.