

State Public Building Retrofit Trends: SEP ARRA Investments

National Association of State
Energy Officials



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Overall State Energy Program (SEP) Funding and State Leverage

- \$3.1 billion provided for SEP, \$4.7 billion in leveraged funds
- DOE completed \$2.5 billion in NEPA project approvals
- States have contracted/obligated \$2.5 billion in projects
- Other implementation barriers (e.g., Buy American, Davis Bacon) are being addressed by DOE and the states

Sectors:

- \$122 million – Transportation
- \$137 million – Planning and Energy Reliability
- \$217 million – Industrial
- \$104 million – Energy Education
- \$886 million – Electric Power/Renewables
- **\$1.6 billion – Buildings**

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State Energy Program – Regional Building Program Highlights

Northeast

Maine (\$27M SEP Funds) – \$9 million for Maine homeowner rebates of \$1,500 to \$2,000 for energy efficiency projects.

Rhode Island (\$23M SEP Funds) – \$2.3 million for competitive commercial and industrial building efficiency program; \$250,000 to support the RI Building Code Commission to Upgrade codes.

Southeast

Tennessee (\$62M SEP Funds) – \$24 million for the Tennessee Solar Institute and additional funds for a comprehensive statewide solar energy residential and commercial building deployment program;.

Georgia (\$82M SEP Funds) – \$10 million already deployed for a competitive grant program focused on commercial and residential building efficiency.

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State Energy Program – Regional Highlights

Mid-Atlantic

Maryland (\$51M SEP Funding) State Agency Loan Program (SALP) – SALP is an \$8 million revolving loan program to assist state agencies in leading by example retrofit of public buildings. MEA plans to expand SALP zero interest loans to state agencies for renewables and energy efficiency improvements.

Northwest

Washington (\$60M SEP Funds) – \$5 million to initiate an Energy Efficiency Credit Enhancement Program leveraging \$50 million.

American Samoa (\$18M SEP Funds) – Wind, PV and Solar thermal program aimed at reaching AS goal of 10 percent of electric generation from renewable energy.

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State Energy Program – Regional Highlights

Central

Colorado (\$49M SEP Funding) – \$19 million for financing and capital investments and a revolving loan fund

Southwest

Arizona (\$55M SEP Funds) – \$19 million to upgrade 167 school energy efficiency, with \$17 million of that amount already put to work; leverage of 4-to-1; ESPC statewide program accelerated process.

Hawaii (\$25M SEP Funds) – Technical Assistance for Buildings Sector, including a targeted ENERGY STAR Hotels initiative.

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Financing – ESPC, Loan Funds, PACE

- State and Territory Energy Offices in 32 states have revolving loan funds – most for buildings – totaling \$750,000,000 (NASEO database: www.naseo.org/resources/selfs/)
- Interest rate buy downs and loan loss reserve funds (e.g., PA, MA)
 - ARRA “Costed” Advantage
 - EPC / NASEO Assistance
- PACE national policy stance taken by FHA/FREDDIE/FANNIE MAE means program for residential sector has limited utility at present
- ESPC – Energy Saving Performance Contracting
 - Streamlined “statewide programs” with self-sustaining marketing and assistance over time

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Statewide Public Building Retrofit *Program* Innovation

1. State Enabling Legislation
2. Strong Legislative and Gubernatorial Support
3. Consensus Support from Legal, Procurement, Finance, Landlord Agency
4. ESC State Chapter or Similar Stakeholder Group
5. State Program Administrator
6. Pre-qualified ESCOs and Pre-approved Contracts
7. Project Oversight and Technical Assistance
8. Tracking Project Implementation Progress
9. Encouragement and Promotion of Programmatic Success
10. Self-financing program assistance and marketing

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The Kansas Public Buildings Program

- Energy experts from program assist throughout the process
- Funding arranged in a matter of days rather than months
- Savings from water, maintenance, labor, etc. and reductions in all operating costs may be used for debt service
- Master agreement with pre-approved ESCOs for use by state agencies, municipalities, counties and schools
- 9 correctional facilities, 8 state universities, 6 community colleges, 3 state departments, 3 cities/counties, others
- Total of \$132 million or investment and \$11 million in annual energy savings
- Self-funding program mechanism

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Residential and Home Performance with ENERGY STAR

- Many states ramping up Home Performance with ENERGY STAR based programs (NY, MA, MD, others)
- Harmonization of EE retrofit training in a number of Mid-Atlantic states
- NHPC serves as a public-private resources
- NASEO Home Performance best practices briefing report under development

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Summary – Trends & Changes

- Move to self-sustaining programs as ARRA funds are rapidly committed and expended
- Search for improved existing residential building retrofit financing continues (FHA, On-bill)
- 4.9 million air conditioners, 1.1 million heat pumps, 3 million furnaces every year – Secondary Market Development and on-bill financing options
- Existing commercial buildings challenge –expand EE leases and ESPC opportunities
- Existing public buildings retrofits not a significant financing challenge but require sustained attention, champions, and the introduction of emerging technologies

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State Energy Program

www.naseo.org/programs/sep/success/index.html



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Success Stories

Crayola Going Forest Green with Solar Power

Posted: February 26, 2010

For more than a century, Crayola has made every color under the sun. Soon, the sun will make those colors when a 10-acre solar farm begins generating electricity later this year at the company's headquarters in Salem, Pennsylvania.

The Crayola plant was one of eight large-scale solar projects in the state that recently received funding from the American Recovery and Reinvestment Act.

The state awarded \$8.5 million of U.S. State Energy Program (SEP) funds through the Green Energy Model Solar program to the eight projects.

"This investment is critically important to strengthening Pennsylvania's economy and jobs. Because of the private sector's self-interest and the state's self-interest, the renewable energy industry holds the key to our state," said Governor Ed Rendell.

The \$8.5 million investment will put 140 people to work and stimulate another \$40 million in private investments. A total of 12 megawatts (MW) of new solar capacity will result from this investment of state funds.

David Achnett, Director of the Pennsylvania Bureau of Energy, Innovation and Technology Deployment, talked about the Crayola solar project at the recent NASEO Winter Meeting in Washington, D.C.

"The one-megawatt Crayola project is located on Pennsylvania's 10th Street in Salem," Achnett



New Kentucky "Green Bank" to Finance Energy-Efficient Improvements in Public Buildings

Posted: February 1, 2010

Kentucky's historic reliance on coal-fired base load generation has provided the state with some of the lowest electricity rates in the country. Kentucky's low rates have encouraged businesses to become some of the greatest consumers of electricity in the country. Kentucky's per capita consumption of electricity is among the highest in the United States.

To help reduce its energy appetite, Kentucky's elected officials are clear about their approach. Not only has the state set a goal of 25 percent energy reduction by 2025, it has also allocated American Recovery and Reinvestment Act (ARRA) funds from the U.S. Department of Energy to energy efficiency projects in government buildings to help meet that goal.

Kentucky First Lady Jane Henshaw, who recently announced the Green Bank's first loan, greets a student at the Kentucky School for the Blind, The School for the Blind and two other educational facilities are the recipients of the Green Bank's first loan.



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NASEO Contact Information

www.NASEO.org

David Terry (Executive Director): dterry@naseo.org

Jeff Genzer (NASEO Counsel): JCG@dwgp.com

Kate Marks (Regional Program): kmarks@naseo.org

Shemika Spencer (Energy Star): sspencer@naseo.org

Chuck Clinton (Mid-Atlantic): cclinton@naseo.org

Chuck Guinn (Northeast): straguinn@aol.com

Brian Henderson (Southeast): bhenderson@naseo.org

Jeff Pillon (Midwest): lbean@naseo.org

Jim Ploger (Central): jploger@naseo.org

Bill Nesmith (Northwest): wnesmith@naseo.org

Jim Arwood (Southwest): jarwood@naseo.org

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