

STATE ENERGY PROGRAM

PROGRAM HISTORY

Congress created the U.S Department of Energy's (USDOE) State Energy Program (SEP) in 1996 by combining two 1975-era programs, the State Energy Conservation Program (SECP) and the Institutional Conservation Program (ICP). The SECP provided states with funding for energy efficiency and renewable energy projects. The ICP provided hospitals and schools with a technical analysis of their buildings, and identified the potential savings from proposed energy conservation measures.

Other legislation that helps form the framework for the State Energy Program:

- The State Energy Efficiency Programs Improvement Act of 1990 encouraged states to undertake activities designed to improve efficiency and stimulate investment in and use of alternative energy technologies.
- The Energy Policy Act (EPA) of 1992 allowed USDOE funding to be used to finance revolving funds for energy efficiency improvements in state and local government buildings.
- The National Energy Policy Act of 2005 (Section 364 of EPA 2005) created a new requirement that, under SEP: ‘‘Each State energy conservation plan with respect to which assistance is made available under this part on or after the date of enactment of the Energy Policy Act of 2005 shall contain a goal, consisting of an improvement of 25 percent or more in the efficiency of use of energy in the State concerned in calendar year 2012 as compared to calendar year 1990, and may contain interim goals.’’. (10 CFR 420)

SEP GOALS (10 CFR 420)

The State Energy Program (SEP) goals are to help states:

1. Increase energy efficiency to reduce energy costs
2. Reduce reliance on imported energy
3. Improve the reliability of electricity and fuel, and the delivery of energy services
4. Reduce the impacts of energy production and use on the environment

SEP ARRA

The American Recovery and Reinvestment Act (ARRA) of 2009 directs states to focus State Energy Program (SEP) funding on energy efficiency and renewable energy. ARRA calls for expanding existing programs approved by the state, directing funds to energy efficiency retrofits of buildings and supporting renewable energy projects (DE-FOA-0000052, p. 26). To increase the impact of the stimulus funds, USDOE gives preference to projects with a high degree of leverage or matching funds. (DE-FOA-0000052, p. 7, p. 26-28)

The purpose of the SEP ARRA funds are to:

1. Stimulate the creation or increase the retention of jobs
2. Save measurable energy (10 MMBtu per \$1,000 invested)
3. Increase energy generation from renewable resources
4. Reduce greenhouse gas emissions

States are required to commit to using SEP ARRA funding to expanding existing programs, and to not supplant or replace existing state, ratepayer or other funding. (DE-FOA-0000052, p. 23)

Projects need to be ready-to-go because funds are to be obligated by September 30, 2010 and spent by March 31, 2012.

SEP USES

Activities supported by State Energy Program funds include:

1. Energy efficient lighting. Lighting accounts for nearly 30% of all electricity consumed in buildings
2. Helping reduce energy costs in K-12 school buildings, where more than \$6 billion is spent every year across the country on energy
3. Improving the energy efficiency of state and local government buildings, where energy costs can account for as much as 10% of a government's annual operating budget
4. Using biomass as fuel for combustion in a boiler to provide heat and generate electricity
5. Using solar energy for heating, lighting buildings, or creating electricity
6. Using geothermal energy for heating buildings
7. Creating revolving loans for energy efficiency and renewable energy measures

SEP PROHIBITIONS (10 CFR 420.18)

State Energy Program funds cannot be used for:

1. Construction, such as construction of mass transit systems and exclusive bus lanes, or for construction or repair of buildings or structures;
2. To purchase land, a building or structure, or any interest therein;
3. To subsidize fares for public transportation;
4. To subsidize utility rate demonstrations or state tax credits for energy conservation measures or renewable energy measures; or
5. To conduct, or purchase equipment to conduct, research, development or demonstration of energy efficiency or renewable energy techniques and technologies not commercially available.

SEP ARRA ADDITIONAL PROHIBITIONS

Funds cannot be used for:

1. Swimming Pools
2. Zoos
3. Aquariums
4. Golf courses
5. Gambling establishments

OTHER FEDERAL REQUIREMENTS

All projects funded by SEP ARRA monies must comply with at least the following federal laws:

1. National Environmental Policy Act (NEPA) - Categorical Exclusions, Environmental Assessments, or Environmental Impact Statements
2. Davis-Bacon Act - paying prevailing wages

EXISTING OREGON PROGRAMS AND INCENTIVES

- Business Energy Tax Credit
- Residential Energy Tax Credit
- State Energy Loan Program
- Energy Trust of Oregon
- Utility Incentives