



## **Non-Entitlement EECBG Update: Major Changes to California's EECBG Subgrant Guidelines for Small Cities and Counties**

9/23/09

California has received over \$49 million in funds through the approval of its Energy Efficiency and Conservation Block Grant (EECBG) Program by the U.S. Department of Energy (DOE). The California Energy Commission (CEC) will disperse funds through two programs: formula-based EECBG grants for jurisdictions that did not receive direct EECBG funding from the DOE; and competitive EECBG grants available to all jurisdictions. The guidelines for the formula-based EECBG grants have been released and are now available for review, and will soon be followed by an application solicitation. The competitive EECBG grant program is still under development.

### **Formula-Based California EECBG Program Guidelines**

#### **Overview**

On September 16, 2009, the CEC adopted Block Grant Guidelines for the formula-based Energy Efficiency and Conservation Block (EECBG) Program. A second, revised version of these guidelines was provided on September 22, 2009 for public review. The CA ARRA Ad Hoc Committee is recommending that the CEC adopt the revised guidelines at the October 7, 2009 business meeting of the CEC. Members of the public can submit written comments on the revised Guidelines by mail or email until October 1, 2009. Additional details can be found on the CEC website at <http://www.energy.ca.gov/recovery/blockgrant.html>.

This program will distribute 60% of California's EECBG award, approximately \$29.8 million, to all small cities and counties that are not eligible for direct EECBG grants from the DOE. Funding is allocated to each jurisdiction based on population and unemployment. The minimum funding award for cities is \$25,000 and for counties is \$50,000. Funds may be used to achieve cost-effective energy efficiency; example projects include lighting retrofits and controls; street lighting and traffic signals retrofits; and heating, ventilation, and air conditioning (HVAC) modifications and controls. All jurisdictions must apply to receive funding, and applications will be reviewed for completeness, satisfaction of project eligibility criteria, and technical accuracy.

The CEC encourages leveraging other ARRA funds or CEC loans in the application, however **matching funds are not required**. EECBG projects must meet a minimum average cost effectiveness threshold of 10 Mbtus per year per \$1,000 (approximately 1 kWh per year per \$1).

Programs and projects not meeting this standard can be funded as long as the average cost effectiveness between all funded projects meets or exceeds this threshold. Please note that leveraged or matching funds can be incorporated into the calculation of cost effectiveness.

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### **New Guidance in the Revised 9-22 Guidelines Recommended for Adoption**

The primary additions incorporated in the revised Guidelines released on September 22, 2009 and that are recommended for adoption by the CEC on October 7, 2009, include:

1. New stipulations for direct equipment purchase options.
  - a. Eligible applicants may opt to use their funds to directly purchase preselected equipment in Attachment B, knowing that it has already been preselected by the CEC as a cost-effective, qualified means to achieve energy efficiency. The revised Guidelines require that some preselected projects operate a minimum number of hours per year; for those projects not meeting the minimum operating hours established in Attachment B, the CEC will prorate EECBG funds allocated for the project, funding less than 100% of the project cost.
  - b. Applications for preselected direct equipment purchase options must now provide installation cost estimates. Installation estimates exceeding half of the total costs for the direct equipment purchase must provide additional justification.
2. New option for municipal financing programs. Applicants may partner with one or more large jurisdictions to distribute EECBG funds in a municipal financing program for energy efficiency projects or distributed renewable energy generation improvements. Such projects must be permanently fixed to residential, commercial, or other real property. Property owners would repay assessments with property taxes. All liens associated with this program would take priority over previously-recorded, private liens, such as mortgages.
3. New requirements in the application process. All recipients must now obtain a Data Universal Numbering System Number (DUNS) and register in the Central Contractor Registration (CCR) database. Registration directions are provided in the revised Guidelines.
4. Strong language has been included emphasizing that the CEC reserves the right to assess the reasonableness of any project cost and may request supplemental information to justify EECBG funding requests.

### **Timeline**

The CEC will release an application solicitation document within the next few weeks. The CEC originally estimated that applications would be accepted as of October 1, 2009, and that funding would be awarded as soon as November 1, 2009; however, recommended revisions to the Guidelines would not be adopted until October 7, 2009 at the earliest, and this may affect the application and award timeline. Final dates will be established in future CEC announcements.

### **Competitive EECBG Grants Administered by the CEC**

The CEC will administer the remaining 40% of California EECBG funds through a competitive program that is currently being finalized; eligibility for this program will not be affected by receipt of formula-based EECBG funds. This program may fund planning efforts in addition to energy efficiency projects, although the program guidelines are still under development. Additional information on the award of these remaining EECBG funds will be provided through future guidelines provided by the CEC.