

# American Recovery and Reinvestment Act of 2009 (ARRA)

## DOE Grants for State and Local Governments

by  
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The American Recovery and Reinvestment Act of 2009 (ARRA) provides appropriations for energy efficiency and renewable energy. Three Department of Energy (DOE) programs provide grants for state and local governments. The programs are the Weatherization Assistance Program, the State Energy program and Energy Efficiency and Conservation Block Grant program. Most of the funding must be obligated by the end of FY2010.

### Weatherization Assistance Grant Program

ARRA provides \$5.0 billion for the Weatherization Assistance Program.

DOE uses a formula to allocate funding to the states and the states decide how to allocate the state's share to local governments. The program allows low-income families to make their homes more energy efficient to reduce their energy bills.

The act increases the income eligibility level for the Weatherization Assistance Program from 150% to 200% of the poverty level and increases the maximum assistance per dwelling from \$2500 to \$6500. Cost effective energy efficiency measures such as attic insulation, space-heating equipment, energy efficient windows, water heaters and air conditioners are eligible under the program.

A Senate Committee on Appropriations estimate is \$53.6 million dollars as Louisiana's portion of the Weatherization Assistance Grant Program.

### State Energy Program

ARRA provides \$3.1 billion for the State Energy Program (SEP).

The Act makes additional funding available for the State Energy Program. However, the funds in excess of a state's base funding allocation will only be released if a state's governor ensures in writing that certain requirements will be met regarding utility decoupling and energy efficient building codes. Note that the Act does not use the word "decoupling," it describes the necessary assurance as follows:

“The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.”

Under SEP the state energy offices manage renewable energy and energy efficiency programs. The states design their own programs but they must comply with the program criteria set by the U S Department of Energy (DOE). The ARRA provided SEP funding contains criterion that in order to receive the funding the governor of the state must certify that the state will pursue decoupling, a regulatory device to compensate utilities for lost sales when they meet energy conservation targets. The theory is that utility companies have little motivation to promote efficiency when their profits increase the more electricity they sell. The governor must also certify that the state will implement energy efficient building codes.

A Senate Committee on Appropriations estimate is \$69.3 million dollars as Louisiana's portion of the SEP funds.

## Energy Efficiency and Conservation Block Grants

ARRA provides \$3.2 billion for Energy Efficiency and Conservation Block Grants (EECBG).

The Energy Independence and Security Act of 2007 (EISA) established the EECBG grant program to help reduce energy use and carbon emissions at the local and regional level. EISA established the allowed purposes of the funding, which include strategic planning, consultant services, and energy audits. Eligibility requirements for the block grants under this program stipulate paying the prevailing wage rates in accordance with the Davis-Bacon Act, submitting a strategic plan and sharing information. EISA stresses that the funding is to supplement not replace the funding provide under the Weatherization Program and SEP.

Energy efficiency and renewable energy programs are featured in the American Recovery and Reinvestment Act of 2009. More than \$11 billion in grants for state and local governments are provided through the three DOE programs - Weatherization Assistance Program, State Energy Program, and the Energy Efficiency and Conservation Block Grant Program.

## Sources

THOMAS ([www.thomas.loc.gov](http://www.thomas.loc.gov))

Congressional Research Service Summary on [www.govtrack.us](http://www.govtrack.us)

CRS Report for Congress, *Energy Provisions in the American Recovery and Reinvestment Act of 2009 (P.L. 11-5)*, March 3, 2009