

OFFICE OF TENNESSEE

# RECOVERY ACT MANAGEMENT

STATE ENERGY  
PROGRAM FORMULA  
GRANTS



[www.TNRecovery.gov](http://www.TNRecovery.gov)



“I am proud of Tennessee's reputation for good government, and I want and expect us to be a model for other states in how we handle Recovery Act money sensibly – turning square corners, and with every nook and cranny of what we do and what we spend well-lighted and visible to the public.”

– Governor Phil Bredesen

# What is ARRA SEP

Formula-based grants under the State Energy Program which provide financial assistance and technical support to carry out cost-shared energy efficiency and renewable energy programs which:

- Increase energy efficiency to reduce energy costs and consumption for consumers, businesses, and government;
- Reduce reliance on imported energy;
- Improve the reliability of electricity, fuel, and energy services delivery;
- Reduce the impacts of energy production and use on the environment.

- Funding Level: \$3.1 billion to be distributed to the States by formula:
  - One-third equal share to all States;
  - One-third according to most recent population data; and
  - One-third according to most recent energy use data.
- Tennessee to receive a total of \$62,482,000 from SEP ARRA.
- No match requirement & 50% limit on capital expenditures is waived.
- Grants seek to achieve annual energy savings of at least 10 million source BTUs for each \$1000 of total investment.
- SEP Recovery Act funding must not be used to supplant existing rate payer or other State energy program funding.

- Stimulate the creation or increased retention of jobs;
- Saving energy (kwh/therms/gallons/Btus/etc.);
- Increasing energy generation from renewable sources; and
- Reducing greenhouse gas (GHG) emission;
- Reduce 25% of State's 1990 per capita energy use by 2012.

- DOE has established a list of activities and achievements that must be reported quarterly with program performance (Section 10.2 of Guidance).
- ARRA Energy funds have a 3 year period of performance.
- DOE must approve all new and/or modified activities submitted in the plan. States are encouraged to use SEP funds to create lasting programs (i.e. revolving loans).

# Timeline for ARRA Grants



- 10% of the recipient's total allocation at time the initial grant is awarded. (4/20/2009)
- 40% of the recipient's total allocation upon DOE approval of the State Plan. This will be done through an amendment to the grant award. (5/12/2009)
- 10 - 20% of the recipient's total allocation amount when recipients demonstrate that they have obligated funds appropriately and jobs are being created, based on DOE review of the progress reports and monitoring.
- 30 - 40% of the recipient's total allocation amount when the recipient demonstrates continued progress based on DOE review of the progress reports and monitoring.

- SEP Recovery Act funds are to be used to expand existing programs or to create new programs consistent with SEP regulations.
- DOE encourages States to choose activities that will provide sustained benefits to their citizens –activities that will transform markets and have broad and lasting impacts on energy use within their borders.
  - Examples would be revolving loans, on-bill financing strategies, and performance contracting.

- States are encouraged to consider programs in these high impact areas:
  - Establishment and enforcement of energy efficient building codes and standards, and implementation of voluntary programs that impact new design.
  - Loans, grants and incentives for energy efficiency and renewable energy measures.
  - Building energy retrofits.
  - Traffic signal synchronization and replacement with LEDs.
  - Industrial energy retrofits.

- The results achieved with SEP ARRA funding will be assessed according to the following performance metrics:
  - Jobs created;
  - Energy (kwh/therms/gallons/BTUs/etc.) saved;
  - Renewable energy installed capacity and generated;
  - GHG emissions reduced (CO2 equivalents);
  - Energy cost savings;
  - Funds leveraged.

**Contact:**



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**or**

**<http://tnecd.gov/recovery/index.html>**