

***“The biggest gains, in terms of decreasing the country’s energy bill, the amount of carbon dioxide we put into the atmosphere and our dependency on foreign oil, will come from energy efficiency and conservation in the next 20 years. Make no doubt about it. That’s where everybody who has really thought about the problem thinks the biggest gains can be and should be.”***



- Secretary of Energy Steven Chu, U.S. News and World Report • April 2009

Cities, counties and states everywhere are in the process of crafting the Energy Efficiency Block Grant Strategy required by the American Recovery and Reinvestment Act Funding Opportunity Announcement (DE-FOA-0000013).

The following excerpts when aggregated; illustrate compelling evidence why energy savings performance contracting should be a key program supported by significant ARRA funds to reach the maximum impact achievable of job creation and energy and environmental impact.



**This announcement includes program guidance on the implementation and administration of the EECBG Program.**

## **PURPOSE**

The purpose of the EECBG Program is to assist eligible entities in creating and implementing strategies to:

- reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the maximum extent practicable, maximizes benefits for local and regional communities;
- reduce the total energy use of the eligible entities; and

- **improve energy efficiency in the building sector**, the transportation sector, and other appropriate sectors. (Page 5 DE-FOA-0000013)



## PROGRAM PRINCIPLES

DOE has developed the following core principles to guide entities during the program and project planning process:

- **Prioritize energy efficiency and conservation** first as the cheapest, cleanest, and fastest ways to meet energy demand.
- Target programs and projects that will provide substantial, sustainable and measurable energy savings, job creation and economic stimulus effects.
- Give **priority to programs and projects that leverage federal funds** with other public and private resources. (Page 5,6 DE-FOA-0000013)



Desired outcomes of the EECBG Program include:

- Increased energy efficiency, reduced energy consumption and reduced energy costs **through efficiency improvements in the building**, transportation and other appropriate sectors;
- **Leveraging of the resources of federal, state and local governments**, utilities and utility regulators, private sector and non-profit **organizations to maximize the resulting energy, economic and environmental benefits; and**
- **Widespread use of innovative financial mechanisms that transform markets.** (Page 6 DE-FOA-0000013)



**4. Financial Incentive Programs:** Entities may establish financial incentive programs and mechanisms for **energy efficiency improvements such as energy saving**

**performance contracting**, on-bill financing, and revolving loan funds.

**5. Energy Efficiency Retrofits:** Grants may be made to nonprofit organizations and governmental agencies for ***the purpose of retrofitting existing facilities*** to improve energy efficiency.

**6. Energy Efficiency and Conservation Programs for Buildings and Facilities:** Entities may ***develop and implement energy efficiency and conservation programs for buildings and facilities*** within the jurisdiction of the entity. The range of activities includes the design and operation of the programs; the identification of the most effective methods for achieving maximum participation and efficiency rates; public education; measurement and verification protocols; and identification of energy efficient technologies. (Page 7 DE-FOA-0000013)



An incentive buy-down of energy performance contracts with a reasonable portion of the state's ARRA funds not to exceed 20 or 25 percent of the whole of the project allow these funds the opportunity to deliver up to a 5:1 leverage of private investment. This may equate to as many as five times the job creation and as much as five times the greenhouse gas reduction while creating more productive work and learning environments, eliminating deferred maintenance concerns, lowering the annual operating costs and reducing maintenance costs.

Performance contracting that instills the rigor of long term measurement and verification, provides jobs for the full-term of the commitment which may be five, ten, fifteen years or more and the assures the persistence of savings.

Nearly every state legislature has passed enabling legislation to support this valuable tool used to modernize mechanical and electrical systems through the re-direction of dollars otherwise used to pay utility bills.

The processes, industry providers and programmatic tools to deliver projects have been vetted by billions and billions of dollars of projects in the last thirty years making this a reliable, replicable and scalable programmatic investment.

Information on the Accelerating Energy Savings Performance Contracting program and to access ESC's *Statewide Program Best Practices and Tools* visit [www.energyservicescoalition.org](http://www.energyservicescoalition.org).

