



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

April 29, 2009

Connecticut Municipal Chief Executive Officers
Municipalities Not Eligible for Direct Grants From U.S. DOE

RE: American Reinvestment and Recovery Act, Energy Efficiency and Conservation Block Grant Program

The American Recovery and Reinvestment Act of 2009, Public Law 111-5, appropriates funding for the U.S. Department of Energy (DOE) to issue grants to states under the Energy Efficiency and Conservation Block Grant (EECBG). Under this program Connecticut is entitled to apply for \$9,593,500, of which a minimum of 60% must be distributed to municipalities that are not eligible to receive direct grants from DOE under this program.

Governor Rell has developed an application package for submittal to DOE that will distribute 90% of the \$9,593,500 to the 143 municipalities that are not eligible to receive direct grants from DOE. Under this plan each of these towns is eligible to receive a base grant of \$25,000 plus an amount determined by population. The remaining 10% will be part of a supplemental bonus pool available on a competitive basis to those towns that partner to participate in regional energy efficiency and conservation projects. Pursuant to Connecticut General Statutes, Section 4-28b, Governor Rell has submitted this block grant proposal to the Connecticut General Assembly for review, approval and or modification. The State must submit the EECBG program application to the DOE by May 26, 2009.

Attached for your information, is some preliminary information regarding the proposed EECBG program. This includes a list of the specific amounts each Town will be eligible for under the Governor's proposal, a program narrative including a discussion of acceptable uses of the funds and reporting requirements, an explanation of the supplemental bonus pool and a program timeline. This package does not include any application materials. These are currently under development by my office.

We expect to issue application materials and final instructions for application submittal sometime in late July, after both State legislative and DOE approval of Connecticut's EECBG program has been received. In the interim it is not necessary to contact my office regarding this program.

The Office of Policy and Management is looking forward to working with Connecticut's towns as sub-grantees under this program to address energy efficiency and conservation needs as well as support and enhance economic development activity at the municipal and regional level.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Genuario".

Robert L. Genuario
Secretary

Attachment

**American Recovery and Reinvestment Act
Energy Efficiency and Conservation Block Grant
Connecticut Sub-Grantee Block Grant Program
Preliminary Informational Guide**

Prepared By:
The Office of Policy and Management
Policy Development and Planning Division
Energy Management Unit
April 29, 2009

This document is a preliminary overview of the programs to be administered by the State of Connecticut, Office of Policy and Management under the American Reinvestment and Recovery Act Energy Efficiency and Conservation Block Grant program (ARRA EECBG). Program structure and all other requirements will be finalized based on approval of the block grant plan by the Connecticut General Assembly and final guidelines as issued to the State of Connecticut by the U.S. Department of Energy. This preliminary guideline is based on Governor Rell's proposed block grant program as submitted to the State Legislature for approval and or modification. The Office of Policy and Management will issue grant application forms and final grant specifications and requirements after approval by the Connecticut General Assembly and the U.S. Department of Energy.

A. Program Overview

1). Municipal Energy Efficiency and Conservation Program

Ninety percent of Connecticut's \$9,593,500 energy efficiency and conservation block grant, or \$8,634,150, will be used to provide sub-grants under this program to the 143 units of local government that are not eligible for direct formula grants. Grants made available to each unit of local government will be comprised of a \$25,000 base amount plus an additional amount based on municipal population that will be pro-rated as a percentage of the balance of the \$8,634,150 after the sum of all eligible municipalities \$25,000 base grant is calculated (See Part F "Grant Allocation Amounts", Page 5). The Office of Policy and Management encourages municipalities to leverage other available funding through the use of these program dollars.

2). Supplemental Regional "Bonus Pool" Program

Ten percent of Connecticut's \$9,593,500 energy efficiency and conservation block grant, or \$959,350 will be used to provide competitive sub-grants to towns that partner with other towns to implement projects that will be of a regional benefit. Application approval under this grant program will be based on criteria that prioritize projects based on energy saved, renewable energy generated, green house gas reduction, estimated job creation, the regional impact of the aforementioned categories and if other funding is leveraged through the use of these program funds. Priority will be given to applications that are designed to augment projects that have been approved under the Municipal Energy Efficiency and Conservation Program (as described above) as opposed to stand alone projects under this sub-grant.

Under both of these programs municipalities will be required to submit an application outlining the proposed projects they plan to undertake with the funding. Towns will be directed to utilize funding in a manner that is consistent with the State of Connecticut's energy policy framework as articulated in Connecticut General Statute, Section 16a-35k, Connecticut Public Act 08-98 and Governor Rell's *Connecticut's Energy Vision Plan*. Under this framework, Connecticut has established energy efficiency, conservation, renewable and green house gas reduction objectives and goals that include:

- Developing and utilizing renewable energy sources to the maximum extent practicable
- Diversifying Connecticut's energy supply mix
- Assisting citizens and businesses to reduce energy consumption and cost
- A 20% reduction in electric-peak grid consumption by 2020
- A 20% reduction in fossil fuel consumption by 2020
- Commercial transportation fuels to include a mixture of 20% alternative fuels by 2020
- Residential and commercial heating oil to include a mixture of 20% alternative fuels by 2020
- By 2020 a 10% reduction in GHG emission as compared to 1990 levels
- By 2050 an 80% reduction in GHG emissions as compared to 2001 levels

Consistent with this framework and as required under the guidelines of the federal American Reinvestment and Recovery Act Energy Efficiency and Conservation Block Grant (ARRA EECBG) towns will be directed to use funding under these programs to reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the maximum extent practicable, maximize 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. Allowable activities under these programs will be the 14 listed as eligible in federal guidelines for the EECBG ARRA Program (See Part B "Acceptable Uses of Funds", Page 2). The Energy Management Unit at the Office of Policy and Management will encourage, but not limit, eligible applicants to use funding for conservation, efficiency and renewable projects as opposed to other allowable activities under these guidelines and will ensure funding is used in a manner that promotes the goals and objectives as indicated.

Funding to sub-grantee Towns under this program will be expected to be expended or fully committed within two years of sub-grantee grant execution. There will be an application filing deadline for these programs. Although still preliminary, we expect final guidelines and application forms to be released prior to August 1, with an application deadline in mid September. Applicants are encouraged to begin planning for this funding opportunity as soon as possible.

B. Acceptable Uses of Funds

As established under the federal EECBG ARRA program, the following activities for use of program funds are allowable under these programs. However, given this unique opportunity to update energy infrastructure, the Office of Policy and Management strongly encourages municipalities applying under these programs to use funding for conservation, efficiency and renewable projects as opposed to other activities allowed.

1. Development and or Implementation of an Energy Efficiency and Conservation Strategy

2. Technical Consultant Services: Towns may retain technical consultant services to assist in the development of an energy efficiency and conservation strategy, including formulation of energy usage goals; identification of strategies to achieve those goals through efforts to increase energy efficiency, reduce fossil fuel emissions or reduce energy consumption through investments or by encouraging behavioral changes. Towns may develop methods to measure progress in achieving the goals. Towns may develop and publish annual reports to the population served describing the strategies and goals and the progress made in achieving them during the preceding calendar year.
3. Residential and Commercial Building Energy Audits
4. Financial Incentive Programs
5. Energy Efficiency Retrofits
6. Energy Efficiency and Conservation Programs for Buildings and Facilities: Towns may develop and implement energy efficiency and conservation programs for buildings and facilities within their jurisdiction. 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.
7. Development and Implementation of Transportation Programs: Towns may develop and implement programs to conserve energy used in transportation, including but not limited to:
 - Employee flex time programs;
 - Promoting use of satellite work centers
 - Development and promotion of zoning guidelines or requirements that promote energy efficient development;
 - Development of infrastructure such as bike lanes and pathways and pedestrian walkways;
 - Synchronization of traffic signals;
 - Local and regional integrated planning activities with the goal of reducing green house gases and vehicle miles traveled;
 - Incentive programs to reduce commutes by single occupancy vehicles;
 - Improvements in operational and system efficiency of the transportation system such as implementation of intelligent transportation system strategies;
 - Idle-reduction technologies and/or facilities to conserve energy, reduce harmful air pollutants, and green house gas emissions from freight movement; and
 - Installation of solar panels on interstate rights-of-way to conserve energy in highway operations and maintenance activities.

8. Building Codes and Inspections:
9. Energy Distribution: Towns may implement distributed energy resource technologies that significantly increase energy efficiency, including:
 - District heating and cooling systems
 - Combined heat and power systems
 - Cogeneration systems
 - Energy storage systems
 - Absorption chillers
 - Desiccant humidifiers
 - Micro turbines
 - Ground source heat pumps
10. Material Conservation Programs: Towns may implement activities to increase participation and efficiency rates for material conservation programs, including source reduction, recycling, and recycled content procurement programs that lead to increases in energy efficiency.
11. Reduction and Capture of Methane and Green House Gases
12. Traffic Signals and Street Lighting: Towns may use funds to replace traffic signals and street lighting with energy efficient lighting technologies, including light emitting diodes; and any other technology of equal or greater efficiency.
13. Renewable Technologies on Government Buildings: Towns may use grant funds to develop, implement, and install on or in any government building of the eligible entity onsite renewable energy technology that generates electricity from renewable resources, including solar energy; wind energy; fuel cells; and biomass.
14. Any Other Appropriate Activity: Towns may submit any other appropriate energy efficiency and conservation activity for approval (OPM will determine if such activity is “appropriate”).

Please note that there is a prohibition on the use of these funds for gambling establishments, aquariums, zoos, golf courses and swimming pools.

C. Reporting

Be advised that reporting requirements under these programs will include some special requirements and that failure to meet these requirements may result in the termination of the grant and requirement to return grant funds received to date. Quarterly and annual reports will be required and the timeframe for submitting these reports to the Office of Policy and Management at the end of each quarter will be very tight. Reporting requirements will include submission of financial and progress information. Although these funds may be used in conjunction with other funding sources, they must be tracked

and reported separately. Program reports will include specific metrics related to energy use, cost and consumption and information on job creation and retention. Specific reporting requirements and timeframes for reporting will be included as part of the application package release.

D. Special Conditions

In the spirit of governmental transparency, grantees under these programs may be required to publish information related to their grant on their municipal internet site (if any). In addition the following special terms and conditions may apply:

- Access to records by the State of Connecticut and federal Inspectors general and the Government Accountability Office;
- Ensuring that iron, steel and manufactured goods are produced in the United States
- Ensuring wage rates are comparable to those prevailing on projects of similar character
- Protecting whistleblowers and requiring prompt referral of evidence of a false claim to the Office of Policy and Management; and
- Certification and Registration with the Central Contractor Registration

E. Preliminary Timeline

Connecticut EECBG ARRA Funding and Event Timetable for Non-Direct Grants to Municipalities		
Date	Amount	Funding/Event
8/1/2009	N/A	OPM officially announces sub-grant programs and issues application forms to Towns
9/15/2009	N/A	Due date for Towns to submit applications under the Municipal Grant Program and the Supplemental Regional program
11/15/09	N/A	Final date for OPM to approve and announce grant awards
12/15/09	N/A	Final date for OPM to execute all approved grants.

F. Grant Allocation Amounts

The proposed grant allocation amounts for the Municipal Energy Efficiency and Conservation Program can be found on the Office of Policy and Management website at http://www.ct.gov/opm/lib/opm/pdpc_energy/arra/eeecbg_grants_by_town.pdf. The allocations are based on a \$25,000 base grant plus an additional amount based on population as a percent of the total population of the 143 eligible towns under this grant program.