



Final State Plan for the

**Energy Efficiency and Conservation Block Grant (EECBG) Program –
American Recovery and Reinvestment Act (ARRA) Funded**

This document has been reviewed and approved by the U.S. Department of Energy (USDOE).

General Information about the Energy Efficiency and Conservation Block Grant (EECBG) Program:

The American Recovery and Reinvestment Act (ARRA) of 2009 appropriated \$3.2 billion for the EECBG Program for fiscal year 2009. The Program provides federal grants to units of local government, Indian tribes, states, and U.S. territories to reduce energy use and fossil fuel emissions, and for improvements in energy efficiency. The EECBG Program is administered by the Office Weatherization and Intergovernmental Program in the Office of Energy Efficiency and Renewable Energy of the U.S. Department of Energy (DOE). DOE's first priority is to award the formula grants.

Minnesota will receive a total of \$37,359,500 in block grant funds. The Office of Energy Security (OES) will receive \$10,644,100 as our share. As required by law, 60% of that will go out as grants to small cities and counties throughout the state.

This plan was developed in coordination with recent legislation passed by our state legislature that provides direction to OES as to how to allocate the funds for this program. The legislation is Chapter 138 (SF657) titled [Federal Stimulus for Energy Programs](#).

EECBG Energy Efficiency & Conservation Strategy for States (EECS)

1. Describe your State's proposed Energy Efficiency and Conservation Strategy. Provide a concise summary of your measureable goals and objectives, which should be aligned with the defined purposes and eligible activities of the EECBG Program. These goals and objectives should be comprehensive and maximize benefits statewide. Provide a schedule or timetable for major milestones. If your State has an existing energy, climate, or other related strategy please describe how these strategies relate to each other.

Minnesota's EECBG Energy Efficiency and Conservation Strategy for EECBG funds will have three activities: Mandatory EECBG Sub-grants, Energy-efficiency Improvement Sub-grants, and Administration, Coordination, and Outreach. The Minnesota Legislature (Laws of Minnesota 2009, Chapter 138) has directed the Minnesota Office of Energy Security (OES) to use EECBG funds for these purposes.

The OES is directed by the legislature to apply for and administer the EECBG funding for the state of Minnesota and is responsible for coordinating and reporting on state energy policy goals. OES is also responsible for promoting the benefits of energy efficiency and renewable energy to consumers and businesses in Minnesota through educating consumers, securing federal funding for projects and bringing together local government, business, non-profit and higher education stakeholders.

In 2007 the state of Minnesota created aggressive energy conservation, renewable energy and greenhouse gas reduction goals. Beginning in 2010 electric and natural gas utilities have a 1.5 percent annual energy savings goal. Additionally, Minnesota has set a standard for electric generation of 7% renewable energy by 2010; 12% by 2012; 16% by 2016; 20% by 2020; and 25% by 2025. The state's largest utility, Xcel Energy, which provides half of the state's electricity, must achieve a 25% renewable goal by 2016 and 30% by 2020. Finally, the state has set a policy to require a 15% reduction in the state's greenhouse gas (GHG) emissions by 2015, a 30% reduction by 2025, and an 80% reduction of GHG emissions by 2050.

Minnesota's EECS fits squarely in to these broad state policy goals and directly relates to OES efforts concerning public building benchmarking and the Public Building Enhanced Energy Efficiency Program (PBEEEP). Through the Buildings, Benchmarking, and Beyond (B3) program, Minnesota has benchmarked 80 percent of its public buildings in the last few years. B3 will allow OES to track building and facility improvement efforts. The PBEEEP program will give local governments access to technical assistance and additional (mostly private) financing to make energy efficiency improvements. EECBG funds will be used to supplement that effort.

The use of EECBG funds to enhance the energy efficiency of local government facilities will help the state meet its energy conservation and greenhouse gas reduction goals. Also, because the evaluation criteria for competitive grants will include energy efficiency and greenhouse gas emissions, these sub-grants will also address these goals and help local governments reduce their energy costs.

2. Describe your State's proposed implementation plan for the use of EECBG Program funds to assist you in achieving the goals and objectives outlined in the strategy describe in question #1. Your description should include a summary of the activities submitted on

your activity worksheets, and how each activity supports one or more of your strategy's goals/objectives.

Mandatory EECBG Sub-grants -- 60% of allocated EECBG funds (\$6,386,460) will be made available to local units of government not receiving direct federal energy efficiency and conservation block grant stimulus funding. OES will initiate a Request for Proposal (RFP) process to award grants to enhance energy efficiency and reduce energy use. The process envisioned will allocate funds based on the size of the local government (population under 2,000; from 2,000 - 10,000; and over 10,000) thus ensuring that EECBG funds are allocated statewide. All eligible EECBG activities will be eligible for grant funding. Proposals will be evaluated based on energy savings, job creation/retention, greenhouse gas emission reduction, and funds leveraged.

Energy-efficiency Improvement Sub-grants -- The legislature directed OES to use EECBG funds (\$3,497,599) to make grants to local governments to make energy efficiency improvements in existing facilities. These grants will help provide funding for lighting upgrades, energy efficient windows, energy recommissioning and other cost-effective energy projects that are ready for immediate implementation. OES will use these funds to supplement the Public Building Enhanced Energy Efficiency Program that is currently being developed. It is envisioned that grants will be provided for up to 25% of the energy efficiency improvement cost.

Administration, Coordination, and Outreach -- OES plans to use EECBG funds (\$760,041) for administration, coordination, and outreach for all of the activities outlined in Minnesota's strategy. The Legislature also directed OES to coordinate state and local government efforts to obtain competitive grants for energy-related purposes. OES will coordinate and share information and assist local governments in Minnesota with taking advantage of grant and funding opportunities. In addition to outreach, this project activity includes all grant administration and monitoring activities for both the mandatory competitive grants and the facility renovation grants.

3. Summarize your performance metrics from Attachment B1 – Project Activity File: Proposed Number of Jobs Created, Proposed Number of Jobs Retained, Proposed Energy Saved and/or Renewable Energy Generated, Proposed GHG Emissions Reduced (CO2 Equivalents), and Proposed Funds Leveraged.

OES will require that grant recipients collect and report data on energy savings, jobs created/retained, greenhouse gas emission reduction, and monetary savings. Due to the fact that funds will be distributed through a sub-grant process, project specific data are not available for this application. The following very conservative estimates: for the all three activities using the DOE EECBG calculator and the following assumptions:

Mandatory EECBG Sub-grants:

- Proposed sub-grants -- \$6,386,460
- Proposed funds leveraged -- \$6,386,460
- proposed energy saved -- 65,000 mmbtu
- proposed jobs created -- 70

Energy-efficiency Improvement Sub-grants project:

- Proposed sub-grants--\$3,497,599
- Proposed funds leveraged -- \$3,497,599

-proposed energy saved -- 36,000 mmbtu
-proposed jobs created – 38

4. Describe your State's established process for providing sub-grants to units of local government that are not eligible for direct EECSBG formula grants from DOE.

OES will administer an RFP for a competitive grant process and follow all the procedures established by the Minnesota Department of Administration's Office of Grants Management. Proposals will be solicited through an RFP that will be available as soon as the grant award is made to the state by DOE. All applicants meeting the definition of local government not eligible for direct funding will be eligible to submit a proposal for all of the eligible activities listed in the FOA. Applications will be reviewed based on information provided about energy savings, jobs created or retained, greenhouse gas emission reduction, funds leveraged, and how the proposal supports the state's policy goals.

OES is still developing the details and specific criteria, but it is expected that a minimum of 15% to 20% of grant funds will be reserved for each of three applicant classes. The 40% - 55% of funds not reserved, plus any unused reserved funds will be awarded to the highest ranking applicants regardless of applicant class.

OES will also communicate broadly with key organizations who can help let all eligible local governments know about the grant opportunities, the process, and criteria. These groups include the League of Minnesota Cities, Association of Minnesota Counties, the Clean Energy Resource Teams, and other state agencies and organizations that work with local government on energy and sustainable development issues.

5. Describe how this strategy has been designed to ensure that it sustains benefits beyond the EECSBG funding period.

By focusing on public buildings and facilities, the strategy will provide sustained benefits because the energy savings created by the improvements will continue to provide savings after the grant period. The Energy-efficiency Improvement Sub-grants project will be coordinated with the Public Building Enhanced Energy Efficiency Program that bundles technical assistance with financing of energy efficiency improvements, and the use of the state public building benchmark program, Buildings, Benchmarking and Beyond. A key element of the program includes ongoing training for building operators and facility managers to ensure that energy savings are sustained; the use of the benchmarking program will allow for ongoing energy-use assessment for participating buildings.

6. The President has made it clear that every taxpayer dollar spent on our economic recovery must be subject to unprecedented levels of transparency and accountability. Describe the auditing or monitoring procedures currently in place or that will be in place (by what date), to ensure funds are used for authorized purposes and every step is taken to prevent instances of fraud, waste, error, and abuse.

The program will be managed and administered by the OES who is accountable to both the Governor and Legislature for the program. OES will add EECSBG information to its Web site as it becomes available, with the goal of making the results of the program widely available. Grantees will be required to report their progress regularly, and these

progress reports will be posted on the Web site and provided to the Governor and Legislature. The reporting OES will require from grantees will be consistent with what DOE is requiring for direct formula entities.

**EECBG Activity Worksheets
(Attachment B1 of OES EECBG Application)**

Project 1: Mandatory 60% EECBG Sub-grants

The Minnesota OES will sub-grant 60% of its EECBG funds to non-formula cities, counties and city/county equivalents under a competitive Request for Proposal. While program details are in development, it is anticipated that:

1. A minimum of 15% to 20% of grant funds offered under the RFP will be reserved for each of three applicant classes (local governments with a population under 2,000; from 2,000 to 10,000; and greater than 10,000). To the extent that eligible applications sufficient to utilize all funds allocated to a class are submitted, the reserved amount will be awarded to applicants within that class. The 40% to 55% of funds not reserved, plus any reserved funds for which there are insufficient eligible applications, will be awarded to the highest ranking applicants without regard to class.
2. All 14 eligible activities listed in the FOA may be eligible for grant funds. However, activities, such as strategy development and building audits that do not result in significant near-term energy savings or job creation/retention may be excluded from consideration if the OES determines that those activities likely could not achieve a minimum threshold ranking score.
3. Applications may be ranked on multiple criteria, including but not limited to: energy saved, renewable energy and jobs created or retained per grant dollar, carbon emission reduction per grant dollar, geographic diversity, and indirect economic value within Minnesota. Energy saved and jobs created or retained will, in combination, comprise no less than 50% of an application's ranking score.

Project 2: Energy-Efficiency Improvement Sub-grants

The Minnesota OES will sub-grant EECBG funds to non-formula cities, counties and city/county equivalents to make energy-efficiency improvements to existing buildings and facilities, pursuant to Laws of Minnesota Chapter 138. While program details are in development, it is anticipated that:

1. A portion of funds may be offered on a first-come-first-served basis to stimulate near-term job creation/retention. Grants for up to 25% of project costs may be offered for energy-efficiency improvements that a) meet a minimum threshold of energy-saved and jobs created/retained per grant dollar, and b) will be implemented in calendar 2009.
2. Remaining funds will be offered in conjunction with the delivery of other public sector energy-efficiency financing options including, but not limited to, the Public Buildings Enhanced Energy-Efficiency Program, utility conservation programs and performance contracts.

Project 3: EECBG Coordination, Outreach and Administration

The Minnesota OES will provide administration, coordination, and outreach for all of the activities outlined in Minnesota's strategy. OES will:

1. Administer all aspects of both mandatory competitive grants and building and facility improvement grants.
2. Provide information and assistance to formula cities and counties on application for and implementation of EECBG formula grants;
3. Assist Minnesota cities and counties in applying for competitive grant opportunities;
4. Collect and disseminate information on EECBG activities and accomplishments from formula and non-formula cities and counties; and
5. Facilitate coordination of local government EECGB activities with complementary federal, state and local programs.