

State Energy Efficiency Stimulus

The American Recovery and Reinvestment Act of 2009

February 2009



The Recovery bill recently enacted by Congress makes significant new commitments to expand existing energy efficiency programs that assist consumers and business. The major energy efficiency programs which are implemented at the state level and being funded by the recovery bill are summarized below (additional federal programs and tax credits not included).

State Energy Programs (SEP)

- Program goals: fund the expansion of existing energy efficiency and renewables programs
- Funding level: \$3.1 billion (this is essentially all new funding to the states)
- Efficiency Program Benefits:
 - Nationally state approved energy efficiency programs are spending over \$3.5 billion per year with many experiencing waiting lists for services
 - The \$3.1 billion funding over two years will provide sorely needed funds and yet be a manageable expansion
 - The existing program infrastructure is in place and capable of expansion without delay, which will result in immediate job creation, especially for people in the building trades
 - Energy efficiency is one of the most cost effective economic recovery strategies since it produces \$3 in economic benefits for each \$1 in Federal spending
- Division among states:
 - States have to commit to moving forward with aligning utility incentives with the goals of increasing energy efficiency (decoupling or other rate reforms) and also commit to implementing updated building energy codes
 - The money is then divided based on a combined population and total energy consumption formula
 - The following table presents estimates of new funding for efficiency in the northeast states:

Potential New Efficiency Funds under SEP (\$ Millions)



National SEP Funding (1 time or over 2 years)

Total \$ 3,100

| State | Potential Range of Funding | | 2008 Efficiency Program Sending ² | Percent Increase in EE ³ | | | |
|---------------|-----------------------------------|---|--|-------------------------------------|--------------|-------------|--------------|
| | Low Decoupling not Factored In | High Decoupling a Requirement ¹ | | Low | | High | |
| | | | | Over 1 Year | Over 2 Years | Over 1 Year | Over 2 Years |
| Connecticut | \$ 32.7 | \$ 58.2 | 114.3 | 23% | 11% | 41% | 20% |
| Maine | \$ 14.4 | \$ 25.9 | 16.8 | 68% | 34% | 123% | 62% |
| Massachusetts | \$ 57.9 | \$ 102.7 | 148.9 | 31% | 16% | 55% | 28% |
| New Hampshire | \$ 12.1 | \$ 21.6 | 22 | 44% | 22% | 78% | 39% |
| New York | \$ 167.7 | \$ 296.6 | 314 | 43% | 21% | 76% | 38% |
| Rhode Island | \$ 9.2 | \$ 16.2 | 20.9 | 35% | 18% | 62% | 31% |
| Vermont | \$ 5.9 | \$ 10.5 | 36.1 | 13% | 7% | 23% | 12% |

Notes:

¹ Assumes about half the states move forward w/ decoupling, based on ENE and NRDC assessments

² Based on CEE 2008 Report

³ Assumes 80% of Funds to Efficiency

Weatherization Assistance Program

- Program goals: weatherize low income homes to increase efficiency and reduce energy bills
- Funding level: \$5 billion (the 2008 funding level was about \$230 million)
- Weatherization Program Benefits:
 - WAP is an invaluable program for the millions of families whose homes leak energy year-round and who suffer from impossibly high energy bills as a result
 - This level of investment will create jobs in auditing and retrofitting homes and would enable this critical program to expand several-fold
 - This investment will increase the purchasing power for low-income consumers, creating about \$10 billion in savings over the 20-year life of the improvements
- Division among states:
 - Money is divided based on a formula that incorporates low income population, climatic conditions, and low-income energy expenditures

Energy Efficiency and Conservation Block Grants

- Program goals: to assist cities and towns to reduce energy consumption and increase efficiency in both buildings and transportation
- Funding level: \$3.2 billion (this is a new program with all new funding)
- Division among states & municipalities:
 - To be determined by DOE, but population is the primary factor
 - \$400 million will be allocated based on competitive grants

For Further Information:

Derek Murrow, Director - Policy Analysis
(203) 285-1946
dmurrow@env-ne.org

Sam Krasnow, Policy Advocate and Attorney
(617) 469-6375
skrasnow@env-ne.org



Rockport, ME / Portland, ME / Boston, MA / Providence, RI
Hartford, CT / Charlottetown, PEI, Canada
www.env-ne.org

Environment Northeast is a nonprofit research and advocacy organization focusing on the Northeastern United States and Eastern Canada. Our mission is to address large-scale environmental challenges that threaten regional ecosystems, human health, or the management of significant natural resources. We use policy analysis, collaborative problem solving, and advocacy to advance the environmental and economic sustainability of the region.