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**Subject** Focus on Energy Evaluation

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**Allocation of Energy-related Stimulus Funds in Wisconsin**

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**To** Oscar Bloch,  
Public Service Commission of Wisconsin

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**From** Dan Belknap,  
PA Consulting Group

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**Date** June 21, 2010

## Introduction

The American Recovery and Reinvestment Act (ARRA) has allocated over \$36 billion to energy related initiatives over the period of 2009–2012. Of that, \$241.1 million has been designated for the State of Wisconsin, with significantly more available through individual grant, loan, and bond requests. The objective of this memo is to give updates about energy related initiatives in Wisconsin, such as funding status, allocation, and timeline, that may influence Focus on Energy activities in Wisconsin.

Over 40 energy-efficiency related programs were identified from the Office of Recovery and Reinvestment website<sup>1</sup> that will have a direct impact on energy efficiency and renewable energy markets. Of these programs, we identified four as the top priorities that may influence the work being done through the Focus program. These four programs are Energy Efficiency & Conservation Block Grants, the State Energy Program, the Home Weatherization Assistance Program, and the Energy Efficiency Appliance Rebate Program. Some recipients may receive funding from both ARRA and Focus programs, while others have eligibility requirements that do not overlap. Given that the programs referenced in this memo are energy efficiency-related though, there may be competition for resources such as equipment and contractor availability.

We have reviewed the funding opportunity announcements (FOA), the state applications, and other documents and have contacted the state agency for more detailed information for each program. We have identified the status of each program, as of the date of this memo, and included next steps and the process we will use to obtain updates on status, funding distribution, and the recipients of the funding. A summary is provided in Table 1 below. Data for this memo is drawn from the US Government's Recovery.gov website<sup>2</sup> for the quarter ending March 31, 2010. Additional funding and status updates may have occurred since that date. For



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<sup>1</sup> <http://recovery.wi.gov>.

<sup>2</sup> <http://www.recovery.gov>, accessed May 19, 2010; last updated April 30, 2010.

example, as of May 6, the Energy Efficiency Appliance Rebate Program closed to new applications.<sup>3</sup> The full effort of this program is not yet reflected in federal reporting.

**Table 1. Programs Summary**

Program	Amount Allocated to Wisconsin	Awarded to-date	Number of Applicants/ Recipients	Amount per Project	Next Step
EECBG–State Program	\$11,743,800; \$9,428,496 goes to non-entitlement community	\$11,743,000 as of 9/30/09; \$51,024 paid	One (state); 82 sub-awards	\$3,000 to \$225,000	Contracts are underway
EECBG–Entitlement Community	\$25,414,700	\$5,183,900	Three counties and 15 cities		Contracts are underway
EECBG–Tribal Community	\$1,382,700	\$255,400	Five tribes		Contracts are underway
State Energy Program	\$55,488,000	\$5,548,800 initially; \$22,195,200 additional on 7/27/09	Approximately 15 businesses are in eligibility verification process; an additional thirty are still in the application review stage.	\$100,000 to \$500,000, grant or two percent loan, or combination	Accepting applications on a rolling basis, decisions will be made within three weeks; upon program review, remaining funds will be awarded.
Home Weatherization Assistance Program	\$141,502,133	\$27,726,009		\$6,500 per household	Approval of initial \$56.6M. Additional \$70.8M released when State meets the ARRA requirement
Energy Efficiency Appliance Rebate Program	\$5,600,000	\$1,184,493			Was administered by Focus in cooperation with ES appliance program.

Initial funding for many of these programs, at least startup costs, has been received by the organizations for use or sub-distribution. Our next step may include updating the funding

<sup>3</sup> [http://www.focusonenergy.com/Residential/loose\\_pages/recovery.aspx](http://www.focusonenergy.com/Residential/loose_pages/recovery.aspx).

status, tracking its distribution, reviewing the reports/evaluation online, obtaining feedback from the program administrators, implementers, and market actors, and evaluating the performances of funding and programs in Wisconsin. Below is a summary of each of the five programs.

## A. Energy Efficiency & Conservation Block Grants

**Description:** Energy Efficiency & Conservation Block Grants (EECBG) are funded for the first time by the American Recovery and Reinvestment Act of 2009. It is intended to assist US cities, counties, states, and Indian tribes to develop, promote, implement, and manage energy efficiency and conservation projects.

**State Agency:** The Office of Energy Independence (OEI) and Wisconsin Department of Commerce are in charge of this program. Because the target recipients of these programs coincide with Focus Business Programs (in particular Schools & Government), Focus is coordinating with State agencies as well as directly with recipients for efficient use of this funding.

**Funding Amount:** In Wisconsin, EECBG provides funding to:

- The state program (\$11,743,800)
- Entitlement communities (large cities or counties) (\$25,414,700)
- Tribal communities (\$1,382,700).

**Evaluation:** The evaluation results will be posted on their websites<sup>4</sup> periodically.

### A.1 EECBG-State Program

**Description:** The EECBG state program provides funding to state energy office (which is now the OEI) to address state energy priorities and to adopt emerging renewable energy and energy efficiency technologies. This program will allocate funding to smaller local governments through a competitive process.

**Funding Amount:** In total, Wisconsin was awarded \$11,743,800.

**Funding Table:** Wisconsin will distribute the money through these priorities:

- Municipal building retrofits: \$7,045,800. Allowable activities to improve energy efficiency: insulation, windows, solar hot water, and/or HVAC. Distributed to municipalities.
- Lighting: \$2,472,696. Interior and exterior energy efficient lighting. Distributed to municipalities.

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<sup>4</sup> <http://energyindependence.wi.gov>.

- Outreach and Education: \$1,400,000. Divided into two sub-areas:
  - Energy Independent Communities, \$500,000. To develop 25x'25 plans, creating a “road map” to energy independence specific to the community.
  - Outreach and education to the statewide, general population, \$900,000.

**Funding Recipients:** The State of Wisconsin, Department of Commerce.

**Funding Beneficiary:** Eighty-two local governments as of May 18, 2010.

**Timeline:** The Wisconsin Department of Commerce has allocated 90 percent of the funds at the current time, and the remaining funds are expected to be awarded in the next quarters.

## ***A.2 EECBG-Entitlement Communities***

**Description:** The EECBG–entitlement communities program provides funding to large city and county governments to reduce energy use and reduce emissions.

**Funding Amount:** Large cities and counties directly apply funding from the Department of Energy. In total, these communities will receive \$25,414,700. The breakdown of the amount by community can be found in Appendix A.

**Funding Table:** Each county or city will distribute the funding through the same priorities as the state program.

**Funding Recipients:** All entities received funding that applied, as indicated in Appendix A.

**Funding Beneficiary:** Each community designated the end beneficiaries in their application. Primary uses are municipal offices and other public buildings.

**Timeline:**

- Original deadline: June 25, 2009
- Extended deadline: August 10, 2009
- Approval expected two to three months after submitting the application.

Because the funding is awarded individually to each recipient, the status varies for each recipient. Some beneficiaries have received a significant portion of funding, while others are still in a bidding process.

## ***A.3 EECBG-Tribal Communities***

**Description:** The federal government will allocate the funding for tribal communities through a competitive process.

**Funding Amount:** Tribal communities will receive \$1,382,700 in total, if their applications are approved. The information about the amount that each tribal community applied for can be found in Appendix B.

**Funding Table:** The funding for this program will follow the same priorities as the state program as well.

**Funding Recipients:** The recipients are indicated in Appendix B with the list of applications.

**Funding Beneficiary:** Tribal offices and other public spaces.

**Timeline:**

- Application deadline: June 25, 2009
- Approval expected two to three months after submitting the application.

As of this memo, approximately \$750,000 is awarded to Wisconsin tribal communities. As with the entitlement communities, actual funding is in various stages. Some communities have spent a significant portion, while others are still initiating their programs.

## **B. State Energy Program**

**Description:** The State Energy Program provides funding to state energy offices to address energy priorities and to adopt emerging renewable energy and energy efficiency technology. Wisconsin has chosen to focus SEP-ARRA funding primarily in the manufacturing sector.

**State Agency:** The OEI and the Wisconsin Department of Commerce are responsible for administering funds in Wisconsin. OEI is coordinating with Focus Business Programs (in particular Industrial) to facilitate the distribution to the program beneficiaries.

**Funding Amount:** In total, Wisconsin applied for and was awarded \$55,488,000. There is a matching requirement for formula grants in that the state must contribute their own funds worth 20 percent of the DOE grant.

**Funding Table:** There will be two rounds to the application process and, for Phase I, 500 applications are expected. Sub-awards range from \$100,000 to \$5,000,000 per project, all of which will be loans. The funding table in Wisconsin is:

- \$17 million will be used in clean energy advanced manufacturing – Support the construction of five major renewable energy generation/production projects in Wisconsin.
- \$17 million used in clean energy supply chain – Achieve 3 major expansions of renewable energy component manufacturing facilities.
- \$17 million in job retention through energy efficiency and renewable energy –make 10 major investments in energy efficiency/renewable projects in the industrial /large commercial sector of Wisconsin's economy.

**Funding Recipients:** The State of Wisconsin (OEI).

**Funding Beneficiary:** For-profit manufacturing businesses locating or expanding in Wisconsin.

**Timeline:** The state's application was submitted on May 8, 2009. The US Department of Energy approved the application on July 27, 2009, awarding the full application amount of \$55 million; half of that funding is immediately available. The remaining half of Wisconsin's funding is contingent on progress reports and monitoring of the first half of the award. The Wisconsin Department of Commerce is responsible for distributing these funds to businesses throughout the state.

With the release of fifty percent of total funding, the Wisconsin Department of Commerce has posted the "Clean Energy Business Loan Program." This includes applicant and project criteria, the application process, and other guidelines pertaining to the distribution of the first \$28 million. At this time, there is no deadline, as funds are expected to be in high demand. Pending eligibility, funds will be allocated on a first-come, first-serve basis. The department's goal is to review applications within 15–20 business days of receipt.

According to the State's Q1 2010 submission to federal accountability offices, \$1.5 million is committed to beneficiaries, while 42 businesses' funding is either in the application process or under review. Based on this, it is expected that the portion of funding awarded to beneficiaries will increase significantly in the next one to two quarters.

**Evaluation:** Wisconsin needs to report the key activities and achievements quarterly and report the energy saving, renewable energy capacity, and generation and emission reduction annually.

The application that the state energy office submitted includes a narrative information worksheet, which contains the program year milestones, standard metrics, specific metric activity, and user specified metrics. This application can be found in Appendix C.

## C. Home Weatherization Assistance Program

**Description:** The Home Weatherization Assistance Program (HWAP) provides funding to help income-qualified families reduce their energy costs by weatherizing their homes for improved energy efficiency.

Weatherization Program Notice (WPN) 09-1B makes some changes:

- The eligibility of household income (increase cap from 150 percent to 200 percent)
- The assistance level per unit (\$2,500 to \$6,500)
- Training and technical assistance funding (10 percent to 20 percent)
- Allows assistance for previously weatherized dwelling units.

The HWAP income range is roughly equivalent to 0–60 percent of the state median income (SMI); the Focus income-qualified program changed its eligibility requirement to 60–80 percent of SMI to complement the HWAP adjustments. The similarity in program goals along with the consecutive range of income eligibility leads to continuous program availability for a majority of the population. This wide range of participants all call on essentially the same markets. Contractors and products will be in high demand, though the need for certain efficiencies of equipment may vary between programs and geographies.

**State Agency:** Wisconsin Department of Administration.

**Funding Amount:** Wisconsin's plan has been approved and will be receiving \$141,502,133 for this program. Actual payment is currently at \$27.7 million.

The State will allocate approximately \$24,711,461 of total weatherization funding for Training and Technical Assistance (T&TA). A portion of this funding remains with WECC based on three-year contracts with the Division of Energy Services. The remainder of the T&TA funding is distributed between state program staff and Weatherization professionals for other training beyond the scope of WECC's contracts.<sup>5</sup>

**Funding Recipients:** Wisconsin Department of Administration.

**Funding Beneficiary:** Households whose income is less than sixty percent of the state average.

**Timeline:** The US Department of Energy (DOE) intends to obligate the recovery funding based on the following schedule:

- Ten percent of total allocation at time of initial award
- Forty percent of total allocation upon DOE approval of the state plan (due within 60 days after FOA issuance)
- Balance of total allocation based on DOE review of progress in obligating the funds.

**Evaluation:** The Quality Assurance Section staff, in conjunction with a filed inspection contractor, will conduct monitoring of sub-grantees. All sub-grantees are monitored annually, and the evaluation includes administrative review, dwelling inspections (10% of participants), and client file reviews (additional 10% of participants). DOE will conduct periodic progress reviews to assess states compliance with program requirement. Nation-wide evaluation is being coordinated by Oak Ridge National Laboratories with several contracting agencies.

Focus evaluation should keep in mind the scale of this program and its influence on the energy efficiency markets in Wisconsin over the next three years. The actual payouts for this program as of this memo are approximately equal to the program costs and incentives for Focus residential programs in 2009 (\$26.7 million).<sup>6</sup>

## D. Energy Efficiency Appliance Rebate Program

**Description:** The Energy Efficiency Appliance Rebate Program provided funding for rebates to residential consumers for the purchase of residential ENERGY STAR qualified products to replace used appliances with more efficient models. DOE issued the funding opportunity on July 14, and the award was made on August 25, 2009.

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<sup>5</sup> Weatherization Annual File Worksheet – State of Wisconsin  
<http://homeenergyplus.wi.gov/docview.asp?docid=18335>.

<sup>6</sup> Residential program costs as reported in the *Semiannual Report (Second Half of 2009)*, April 23, 2010.

**State Agency:** The Public Service Commission of Wisconsin, OEI, and Focus (WECC) staff collaborated on the application preparation. The program was administered through Focus on Energy by WECC.

**Funding Amount:** Wisconsin's share of this fund from the DOE is \$5,400,000. Funds received as of March 31, 2010, total just under \$150,000; however, the remainder of the award is expected to be paid out in the current quarter. Total program spending in the first quarter of 2010 totaled just over \$2.5 million including administrative costs and incentives.

**Funding Allocation:** The State prepared an initial application and a comprehensive application. The state plan included a budget that outlined disbursement of consumer rebates and administrative costs. ENERGY STAR qualified appliance categories eligible for rebates included: central air conditioners, heat pumps (air source and geothermal), boilers, furnaces (oil and gas), clothes washers, dishwashers, freezers, refrigerators, and water heaters. Room or window air conditioners were originally included, but dropped from the final submission.

**Funding Recipients:** Except for a small administrative cost, all funding was sub-awarded to WECC for distribution through the Focus on Energy program. As a requirement for receiving this award, WECC matched a portion of administrative costs.

**Funding Beneficiary:** Wisconsin residents.

**Timeline:** The funding schedule is:

- The State submitted the initial state application before in August, 2009. Once DOE received the application, it initiated the award for ten percent of the State's allotment.
- The State submitted the comprehensive state application in October, 2009.
- The state's application and plan were approved in December 2009. Upon approval of a full application, the State received the remaining 90 percent of the funding amount.
- The program ran from January 1 to April 30, 2010, and accepted applications through May 6, 2010.

**Evaluation:** The State needs to submit a progress report and final scientific/technical report to DOE periodically for performance reviewing.



## Appendix A. Wisconsin Entitlement Communities Allocation

Community	County	Allocation
Appleton	Outagamie	\$689,800
Beloit	Rock	\$157,500
Brookfield	Waukesha	\$191,600
Brown County	Brown	\$612,000
Dane County	Dane	\$2,267,000
Eau Claire	Eau Claire	\$655,700
Fond du Lac	Fond du Lac	\$187,500
Franklin	Milwaukee	\$142,800
Green Bay	Brown	\$1,003,000
Greenfield	Milwaukee	\$145,800
Janesville	Rock	\$618,500
Kenosha	Kenosha	\$902,500
La Crosse	La Crosse	\$542,100
Madison	Dane	\$2,384,600
Marathon County	Marathon	\$374,000
Milwaukee	Milwaukee	\$5,839,100

Community	County	Allocation
Milwaukee County	Milwaukee	\$732,400
New Berlin	Waukesha	\$166,400
Oshkosh	Winnebago	\$634,100
Outagamie County	Outagamie	\$492,300
Racine	Racine	\$795,000
Racine County	Racine	\$457,500
Sheboygan	Sheboygan	\$209,300
Walworth County	Walworth	\$420,700
Washington County	Washington	\$524,400
Waukesha	Waukesha	\$657,400
Waukesha County	Waukesha	\$2,217,900
Wausau	Marathon	\$183,900
Wauwatosa	Milwaukee	\$220,000
West Allis	Milwaukee	\$576,200
Winnebago County	Winnebago	\$413,700
<b>TOTAL</b>		<b>\$25,414,700</b>

## Appendix B. Wisconsin Tribes Allocation

Tribe	Amount	Awarded
Ho-Chunk Nation of Wisconsin	\$ 392,200	
Oneida Tribe of Indians of Wisconsin	\$ 324,700	Y
Menominee Indian Tribe of Wisconsin	\$ 131,900	Y
Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin	\$ 115,200	
Lac du Flambeau Band of Lake Superior Chippewa Indians of the Lac du Flambeau Reservation of Wisconsin	\$ 92,000	
Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, Wisconsin	\$ 89,200	Y
Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin	\$ 55,900	Y
Forest County Potawatomi Community, Wisconsin	\$ 53,900	Y
Stockbridge Munsee Community, Wisconsin	\$ 50,500	Y
St. Croix Chippewa Indians of Wisconsin	\$ 42,900	
Sokaogon Chippewa Community, Wisconsin	\$ 34,300	Y
<b>TOTAL</b>	<b>\$1,382,700</b>	

## Appendix C. State Energy Program Narrative Information Worksheet

DOE F 540.1  
(08/05)**DRAFT**

**U.S. Department of Energy  
STATE ENERGY PROGRAM (SEP)  
NARRATIVE INFORMATION WORKSHEET**

OMB: Control No. 1910-5126  
Expiration Date: 06/30/08

(Grant Number: EE00163)

Market Title: Clean Energy Technology and Manufacturing Development

## 7. Program Year Milestones\* :

	Milestone	Planned (Number)
1	Administrative: Prepare & submit quarterly reports for all activities/projects to DOE as well as PY09 formula grant; Apply for DOE Competitive Grants; administer old SEP Special Grant Awards; participate in USDOE & NASEO outreach; reduce grant balance	5
2	Clean Energy Tech Manufacturing - Support the construction of five major renewable energy generation/production projects in Wisconsin.	5
5	Clean Energy Supply Chain - Achieve 3 major expansions of renewable energy component manufacturing facilities.	3
6	Clean Energy Supply Chain - Provide expanded clean energy supply chain assistance to 200 businesses interested in retooling and producing new components demanded by the renewable energy market.	200
7	Job Retention Through EE/RE - Make 10 major investments in energy efficiency/renewables projects in the industrial/large commercial sector of Wisconsin's economy	3

## 8. Standard metrics (required)\*\*

JOB METRICS	Planned
Jobs Created	370
Jobs Retained	185
<b>Total Jobs</b>	<b>555</b>

## 9. Specific metric activity (required)\*\*

SPECIFIC METRICS	Planned
<b>Renewable Energy Market Development</b>	
<b>Renewable energy systems installed, by energy type</b>	
Number of systems installed (Other renewable energy)	18
Size of systems installed (Other renewable energy)	619

## 10. User specified metrics (optional)\*

METRICS	Planned
<b>Technical Assistance</b>	
<b>Information contacts (e.g., webinars, site visits, media, fact sheet) in which energy efficiency or renewable energy measures</b>	
Number of contacts (All sectors)	200
<b>Industrial Process Efficiency</b>	
<b>Reduction in electricity consumption</b>	
Reduction in electricity consumption	155,775
<b>Loans and Grants</b>	
<b>Loans given</b>	
Number of loans	6
Monetary value of loans	17,916,684
<b>Grants given</b>	
Number of grants	12
Monetary value of grants	35,833,369

## 11. Program Year Funds by Source\*

DOE F 540.1  
(08/05)

OMB: Control No. 1910-5126  
Expiration Date: 06/30/08

**DRAFT**

**U.S. Department of Energy  
STATE ENERGY PROGRAM (SEP)  
NARRATIVE INFORMATION WORKSHEET**

**(Grant Number: EE00163 )**

Market Title: Clean Energy Technology and Manufacturing Development

a. SEP Grant (all funds in the approved budget)	
DOE	\$55,488,000.00
<b>Market Budget Total</b>	<b>\$55,488,000.00</b>
b. Leveraged funds anticipated (outside approved budget)	