




LEGISLATIVE BUDGET BOARD

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MEMORANDUM

TO: Representative Phil King
House Select Committee on Federal Economic
Stabilization Funding

FROM: Gerry Dube, Federal Funds Analyst 

DATE: February 26, 2009

SUBJECT: Federal Stimulus Funds for Energy Efficiency and Renewable Energy
Programs

Representative Phil King requested additional information on federal stimulus funding for Energy Efficiency and Renewable Energy Programs at the House Select Committee for Federal Economic Stabilization Funding on February 19, 2009. The program information you requested is as follows:

Energy Efficiency and Conservation Block Grant receives \$3.2 billion nationally. The Texas allocation will be known in the next few days. This grant was authorized by the Energy Independence and Security Act of 2007. Out of the total, \$2.8 billion will be distributed by formula, which allocates 70% of funds to cities with populations of 50,000 or more and counties of 200,000 or more. States receive the remaining 30% of funds. The states must pass through at least 70% of their funds as sub-grants to local governments not eligible under the population formula. The remaining \$400.0 million will be distributed competitively.

Weatherization Program is allocated \$5.0 billion nationally. **TX \$345.9 million.** These funds support the Texas Weatherization Assistance Program at the Texas Department of Housing and Community Affairs to help low income families reduce their energy costs by weatherizing their homes. Funds are distributed by the state to local energy programs. Under the provisions of the American Recovery and Reinvestment Act the bill would raise the eligibility income threshold from 150% to 200% of the poverty rate and increase financial assistance from \$2,500 to \$6,500 per household.

State Energy Program (SEP) is provided \$3.1 billion. **TX \$177.6 million.** The Act requires the governor to provide the Secretary of Energy necessary assurances in order to receive these funds:

In general the state must implement policies ensuring that utility financial incentives are aligned with helping customers use energy more efficiently and provides the utility with timely cost-recovery and earnings opportunities. Under the Act, state and local entities must strengthen residential and commercial building codes so that they are equal to or greater than the International Energy Conservation Code or codes that achieve equivalent or greater savings. Each jurisdiction must develop a plan to achieve compliance within eight years of the date of enactment in at least 90% of new or renovated residential and commercial building space. The 20% state match requirement for the SEP is waived. The Act also waives the limitation on the percentage of funding used for the purchase and installation of energy efficiency equipment and materials.

States must give priority to:

- 1) Projects that include an expansion of existing energy efficiency programs, including building and industry retrofits funded by the state or through ratepayers.
- 2) The expansion of renewable energy projects and joint activities between states to advance more efficient and effective use of this funding to support energy efficiency priorities.

cc: Speaker Joe Straus

Representative Jim Dunnam, Chairman, House Select Committee on Federal Economic Stabilization Funding

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