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PRESENTATION TO METRO WASHINGTON COG

2011 OUTLOOK

**Funding for Local Sustainability Efforts &
Clean Energy / Climate Policy in the 112th Congress**

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January 26, 2010

For more information: www.climatecommunities.us



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Agenda for Presentation

- I. Recap on the balance of power in the 112th Congress**
- II. What happened in the 111th Congress lame duck session?**
 - a. Clean energy provisions in 2010 Tax Relief Act
 - b. FY 2011 Appropriations
- III. Opportunities/challenges for federal funding in FY 2011/2012**
- IV. Clean energy/sustainability priorities for the 112th Congress**
- V. *Climate Communities* priorities for 112th Congress**
- VI. Get involved in 2011**



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Balance of Power in 112th Congress

Republicans take over control of House of Representatives.

- Republicans gain 63 seats

Democrats still control Senate.

- 51 Democrats, 2 Independents, 47 Republicans

2011 priorities: Democrats likely to focus on job creation, Republicans likely to focus on spending cuts

One of the first major challenges in the 112th Congress will be FY 2011 funding decisions.





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Key Leaders in 112th Congress

House

- Fred Upton (R-MI) – Energy & Commerce Committee
- Hal Rogers (R-KY) – Appropriations Committee
- Rodney Frelinghuysen (R-NJ) – Energy & Water Appropriations Subcommittee
- Mike Simpson (R-ID) – Interior & Environment Appropriations Subcommittee
- John Mica (R-FL) – Transportation & Infrastructure Committee
- Darrell Issa (R-CA) – Oversight & Government Reform Committee

Senate

- Jeff Bingaman (D-NM) – Energy & Natural Resources
- Barbara Boxer (D-CA) – Environment & Public Works Committee
- Daniel Inouye (D-HI) – Appropriations Committee
- Dianne Feinstein (D-CA) – Energy & Water Appropriations Subcommittee*
- Jack Reed (D-RI) – Interior & Environment Appropriations Subcommittee*
- Tim Johnson (D-SD) – Banking, Housing & Urban Affairs Committee*



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Clean Energy Provisions in 2010 Tax Relief Act

Significant bipartisan support for tax cuts and tax extenders bill, which included the extension of several energy efficiency and renewable energy tax credit programs:



- Extension of 1603 renewable energy grants in lieu of tax credit program
- Extension of New Energy Efficient Home Tax Credit
- Extension of tax credits for biodiesel and renewable diesel
- Extended tax credit for energy efficient appliances
- Extended 25C credit for homeowners to make energy efficiency improvements (although reduced from ARRA levels)



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2011 Congressional Priorities

Rep. Fred Upton (R-MI), new Chairman of House Energy and Commerce Committee, has set several far-reaching priorities for the Committee in the coming year, including:

- Preventing EPA from regulating greenhouse gas emissions (Upton is seeking a longer-term solution than the 2-year ban championed in the Senate by Sen. Jay Rockefeller (D-WV)).
- Cutting federal subsidies for renewable energy generation, which he has called a “crutch” for economically-unsustainable businesses.
- Expanding domestic oil and gas drilling, including facilitating permitting in the Gulf of Mexico and opening ANWR to drilling.
- Opposing EPA efforts to tighten national ozone standards.



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Sustainability Programs At-Risk in FY 2011/2012

There will be considerable pressure from House Republicans to cut federal domestic spending. Programs at risk could include:

- **DOE Energy Efficiency & Conservation Block Grants**
- **EPA Climate Showcase Communities Program**
- **HUD Sustainable Communities Initiative**
- **DOT TIGER Grant Program**
- **EDA Global Climate Change Mitigation Incentive Fund**
- **DOE Clean Cities Program**

Climate Communities has prepared a letter that local governments can send to their Congressional delegation to support FY 2011 sustainability funding.



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2011 Climate Communities Priorities

FY 2011/2012 Federal Sustainability Funding

- DOE EECBG, EPA Climate Showcase Communities, HUD Sustainable Communities, DOT TIGER, DOE Clean Cities, EDA Global Climate Change Mitigation Fund

Showcasing EECBG Successes (profiled 100 communities already)

Fixing PACE

National Clean Energy Standard

Renewable Energy and Energy Efficiency Tax Credits

Transportation Reauthorization Legislation



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FY 2011 Budget Status

Congress did not pass FY 2011 spending bills before recessing in December, but instead passed a Continuing Resolution to fund the federal government until March 2011.

The current Continuing Resolution funds the federal government in FY 2011 at FY 2010 levels. House Republicans have made it clear that they intend to seek cuts of between \$50-\$100 billion in spending from the FY 2011 budget before passing it. Republicans are also seeking a return to FY 2008 spending levels for the FY 2012 budget.

Between now and March 2011, Congress must either:

- Pass a year-long Continuing Resolution
- Pass an FY 2011 omnibus appropriations bill



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FY 2011 Earmarks

The FY 2011 omnibus that Congress did not pass in December 2010 contained more than 6,700 earmarks. The FY 2011 spending bill that will be passed in March 2011 will almost certainly not contain earmarks.

Congress could:

- Eliminate all funding from these previously earmarked programs
- Fail to direct the funding, allowing the federal agencies discretion over how to spend it (as in FY 2007)
- Direct funding into other agency priorities
- Direct some or all of this funding to existing competitive grant programs



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Climate Communities' Proposal

In FY 2010, \$292 million was earmarked through the U.S. Department of Energy's "Energy Efficiency and Renewable Energy" account.

This funding was distributed to a total of 295 projects, many of which were awarded to local governments for innovative local projects focused on deploying renewable energy projects or implementing energy efficiency initiatives.

If the funding in this account is completely eliminated, local governments will have access to few sources of federal funding for local energy projects.



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Climate Communities' Proposal

Proposed:

Congress should direct a portion of the DOE funding that is traditionally earmarked for local energy projects into a Energy Efficiency and Conservation Block Grant (EECBG) competitive grant program that could fund highly innovative and replicable projects involving renewable energy generation, energy efficiency building retrofits, promotion of alternative fuel vehicles, and other efficiency initiatives.

By funding this EECBG competitive program at \$200 million, Congress could achieve a savings of nearly \$100 million over FY 2010 spending levels on this account while still providing funding to fuel local energy innovation.



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Proposal Framework

The proposed competitive grant program would be based upon the EECBG Better Buildings program funded by the economic stimulus. However, Climate Communities proposes several alterations to this program to enhance local flexibility and ensure a wide range of recipients:

- Eligible applicants would include ALL cities, counties, towns, and Indian tribes
- Individual grants would range from \$500,000-\$5 million, to yield 150-200 recipients rather than 20-25 grantees
- A 20% funding set-aside for small/rural communities



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Proposal Framework

Eligible Project Activities:

- *Building retrofits (public, residential and commercial)*
- Financial incentive programs for energy efficiency improvements
- Alternative fuel vehicles and infrastructure
- Energy distribution technologies
- Renewable energy technologies on government facilities
- Replacement of traffic signals and street lighting with energy efficient lighting technologies
- Development of building codes and inspection services to promote building energy efficiency
- Development of transportation infrastructure (e.g., bike lanes, pedestrian walkways) that reduces vehicle miles traveled
- Technologies to reduce, capture and use methane and other greenhouse gases generated by landfills, wastewater utilities or similar sources



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Proposal Framework

Programmatic Goals:

Broadly, the program would be structured to encourage:

- A broad mix of project activities
- Geographical diversity
- Projects that can be replicated
- Projects that highly leverage local, state, federal, private sector or other funding to complement grant funding
- Programs that are sustainable beyond the initial grant funding period and can make a long-term impact



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Get Involved

Help protect/defend FY 2011 sustainability funding resources (e.g. EPA Climate Showcase Communities, HUD Sustainable Communities, DOT TIGER, etc.).

- Send letter to and contact your Congressional delegation, see www.climatecommunities.us

Work with Climate Communities to urge Congress to develop a new competitive DOE funding opportunity for local governments in FY 2011.

Support Climate Communities' efforts to secure FY12 funding for EECBG.

- Visit www.energyblockgrants.org

Volunteer to help Climate Communities develop a local government clean energy blueprint for the 112th Congress.



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Upcoming Events

Local Government Thought-Leaders Retreat, Washington, DC March 4-5, 2011

- Establish a local government clean energy blueprint for the 112th Congress.
- Approximately 30 local government (elected, sustainability directors) and private sector leaders.
- Meetings with key federal agency officials.

Local Government Clean Energy Summit, Washington, DC June 15-17, 2011

- Major energy efficiency and renewable energy conference for local government sector.
- Share best practices among your colleagues.
- Urge Congress and the Obama Administration to make further clean energy investments in local governments.



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Thank You!

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