

STATE ENERGY ADVISORY BOARD
TELECONFERENCE MINUTES
APRIL 15, 2010 1:00 PM – 1:52 PM EST

TELECONFERENCE ATTENDEES

Designated Federal Officer (DFO):

- Gary Burch, STEAB DFO, Senior Management Technical Advisor, Intergovernmental Projects, Golden Field Office, Denver, Colorado

STEAB ATTENDANCE		
BOARD MEMBERS	Present	Absent
Susan S. Brown , Deputy Administrator, Wisconsin Division of Energy	✓	
John Butler , Energy Commission Supervisor II, California Energy Commission	✓	
Dan Carol , Strategic Advisor/Organizational Consultant	✓	
William Vaughn Clark , Director, Office of Community Development, Oklahoma Department of Commerce		✓
John H. Davies , Director, Division of Renewable Energy and Energy Efficiency, Kentucky Office of Energy Policy	✓	
Philip Giudice , Commissioner, Massachusetts Department of Energy Resources	✓	
Ryan Gooch , Energy Policy Director, Tennessee Economic and Community Development	✓	
Paul Gutierrez , Vice Provost for Outreach Services, Associate Dean and Director, Cooperative Extension Service, College of Agriculture and Home Economics, New Mexico State University	✓	
Duane Hauck , Director, Extension Services, North Dakota State University	✓	
Cecelia Johnson-Powell , Community Development Manager, Indiana Housing and Community Development Authority		✓
Peter Johnston , Project Manager, Clean Energy Technologies, Burns & McDonnell	✓	
Neil Moseman , Director, Nebraska Department of Energy	✓	
James Nolan , Weatherization Director, Department of Public, Health and Human Services		✓
Tom Plant , Director, Colorado Governor's Energy Office	✓	
Larry Shirley , State Energy Office Director, North Carolina Department of Administration		✓
Janet Streff , Manager, State Energy Office, Minnesota Department of Commerce	✓	
David Terry , Executive Director, ASERTTI		✓
Steve Vincent , Regional Business Manager, Avista Utilities		✓

Contractor Support:

- Emily Lindenberg, SENTECH, Inc.

Public:

- No public representatives participated in this meeting.

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- Janet Streff (JS) opened the meeting by welcoming the Board member's to the April call and asking Gary Burch (GB) to provide an update to the Board with regards to Resolution 10-01¹. GB reminded the Board that the Resolution was handed-off to Assistant Secretary Zoi in early February, and was re-submitted in mid-March. GB conversed with Ms. Zoi's Senior Advisor who was under the impression, as was the Assistant Secretary, the Board wanted money in order to move forward. GB re-asserted that the Board was not in need of funds, and the next steps were simply to convene a meeting in order to open the discussion with potential players involved in this proposed project and the Board had sufficient personnel resources available to proceed with this step. The front office then acknowledged that there would be a positive written response to the Board's Resolution 10-01 as soon as the Assistant Secretary was back from travel.
- Duane Hauck (DH) reminded the Board of the "next steps" of this Resolution, which outlined how the Board would convene a meeting between the US Department of Agriculture (USDA) and members of the Department of Energy (DOE) in order to begin the process of establishing a formal agreement to move the project forward. GB agreed, and noted that the Board is able, once the written response is received, to convene this meeting and begin the dialogue.
- DH did note, however, that despite having no need for funding at the moment, in order for the project outlined in the Resolution to succeed, there would be a need for funding in the future. GB and other members of the Board agreed, and GB reiterated that at this point the first step is to open a dialogue with USDA and DOE and the question of funding can come at a later date once the dialogue has begun. JS promised the Board that as soon as a written response was received, it would be distributed to all Board members for review.
- John Davies (JD) made the comment that perhaps when we engage in these first meetings with USDA and DOE players, the discussion of potential funding should be broached in order to determine which "pots" of funds may or may not be available to allocate to this program. JS agreed with JD and noted that she, DH and JD would discuss the next steps for the Board to take once a written response was received.
- The discussion then turned to the draft of proposed Resolution 10-02. GB suggested that the Board perhaps table this issue and revisit it in May while they wait for a response to 10-01. In the meantime, GB would continue editing the draft based on submitted Board input and the upcoming response to 10-01. JS asked if Dan Carol (DC), the author of proposed Resolution 10-02, would like to assist. DC agreed and reiterated the salient points of the Resolution, which speak to engagement of community organizations at the local level, utilizing a bottom-up approach to change, and encouraging DOE to engage at the local level.
- JD added that due to the forthcoming positive response regarding 10-01, perhaps it would be prudent to add a note within 10-02 about 10-01 in a way that complement each other and help set a precedence for all future STEAB Resolutions. JS agreed with this point and will work with DC and GB on revising the draft of 10-02 in hopes of sending to the Board for review within the coming weeks.
- Moving on to the second agenda item, JS asked that the Board please turn their attention to the Priorities and Challenges which were outlined at the March meeting in Washington, DC. JS summarized that the Priorities would serve as the Board's goals and would be shared with DOE and others, while the Challenges would remain an internal "working" document for the Board to address on an on-going basis. GB remarked that due to Board input, there were subtle edits made to the Priorities to clarify some of the points. JS opened up the floor to the Board for discussion and questions or concerns regarding these two documents.
- Philip Giudice (PGD) believed it would be prudent to add, to the third bullet "Understand common issues facing other organizations...", the National Association of Regulatory Utility Commissioners (NARUC) and NASCUA, which act as consumer advocates on behalf of all Public Utility Commissions (PUC's). JS reminded the Board that they had discussed the benefits of having and establishing a strong means of

¹ Resolution 10-01 is included after the minutes as Appendix A.

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communication with these organizations, and to add these types to the list could not hurt. GB agreed that this was a good edit and would make this change to the Priorities.

- JD commented that perhaps STEAB should define what the Board considers a “green job” since it is a priority listed in this document. Neil Moseman (NM), Peter Johnston (PJ) and Susan Brown (SB) all believed that “green jobs” should remain as is because green was noted in quotations and leaves the interpretation broad so as to encompass a wide range of job types.
- JS asked if there were any additional comments on this document. Seeing there were none, JS asked if there was a motion to officially adopt the Priorities through 2012². SB motioned, and PGD seconded. With no oppositions or abstentions, the motion unanimously passed and was adopted by the STEAB on April 15, 2010.
- Following the adoption of the Priorities, JS turned the discussion to the Board’s Challenges. PGD asked for additional explanation regarding the second challenge, and GB elaborated that the STEAB Charter allows the Board to move forward more proactively than they have in the past. JD clarified that the intent of the second bullet was to remind the Board that they are able to fully apply the authorities given to STEAB by its Charter.
- JS asked if we would like to add the examples of the types of partner’s the Board works with into bullet number three, and Dan Carol (DC) suggested that the language change to “add value” to encourage a more positive spin to the current Challenge. GB noted that he would make these changes and edits to the document and re-circulate to the Board for additional comments and suggestions.
- JS and Peter Johnston (PJ) answered questions about the fourth challenge and how it speaks to focusing on keeping programs established by Recovery Act monies remain relevant and active once the Recovery Act funding was gone. Paul Gutierrez (PG) agreed and noted that this challenge grew out of an idea of a bottom-up approach to keep these programs running, and of the challenge of trying to align the federal and state views regarding these programs.
- GB asked the Board to continue sending feedback and suggestions surrounding these issues, and he would work to incorporate them into the internal document called “Challenges.”
- JS turned discussion to the third agenda item, discussion of the Energy Efficiency and Conservation Block Grant (EECBG) sub-committee, and asked GB to give the Board an update on this issue.
- Prior to the March STEAB meeting, GB met with Mark Johnson, the headquarters Block Grant Team Lead, to discuss forming a sub-committee under the STEAB which would specifically deal with issues surrounding the EECBG program. A document was drafted and presented to the Board at the March meeting, and the Board voted to set up a sub-committee based on the information and outline provided in the memo. Since that vote, GB had been in discussion with Mr. Johnson regarding how best to move forward. Next steps currently involve Mr. Johnson suggesting names to the Board for this sub-committee, and the STEAB will then review the names and take an official action to appoint/nominate the members of the sub-committee.
- GB reiterated to the Board that all sub-committee activities for this EECBG sub-committee will fall under the purview of the STEAB, but the meetings of this sub-committee do not have to occur in an open forum.
- Continuing the conversation, JS again asked GB to advise the Board on the status of the FY 2009 Annual Report distribution. GB informed the Board that as of several days ago, the full distribution list had received, or would shortly receive, copies of the STEAB Annual Report. There remain about 100 copies of the Report with SENTECH, Inc., and should any member need additional copies for distribution, please contact Emily Lindenberg.
- JS then asked the Board for their assistance on behalf of David Katz. Mr. Katz spoke to the Board at the March meeting about the *Energy Empowers* website which highlights energy efficiency “success stories” across the country. In order to gather additional stories for this site, Mr. Katz asked the Board to provide

² Priorities through 2010 can be found following the minutes as Appendix B.

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him with the contact information for the communications staff person at each of their offices. JS requested each Board member please send that contact information to Emily Lindenberg and she would coordinate with Mr. Katz.

- Turning the discussion to the upcoming June 8 - 10, 2010, STEAB meeting, GB briefly outlined key points of the proposed agenda which included touring the National Renewable Energy Laboratory (NREL) and the LEEDS Platinum Building, as well as receiving updates from both NREL and DOE staff on issues like technology transfer, commercialization, and integrated deployment.
- GB then updated the Board about the date change for the first meeting of FY 2011. Previously the dates were late October, but due to availability issues with hotels in the Washington, DC area, the dates moved to November 2 – 4, 2010. Additional details are being worked out by SENTECH, Inc., and will be forthcoming once a hotel has been confirmed for those meeting dates.
- JS informed the Board that the Executive Officers are looking to meet with Assistant Secretary Zoi prior to the June meeting in order to update the Assistant Secretary on the Board's business and discuss Resolution 10-01. JD suggested the last week of May for this meeting. GB confirmed that he has been in talks with the Assistant Secretary's staff, and would submit a formal request for a meeting during the last two week of May.
- The Board came to the point in their teleconference where the meeting was opened up to public comments. GB stated that he was not contacted by any members of the public requesting to make comments, and seeing as there were none present on the call, JS closed the teleconference to public comment.
- JS opened up the balance of the call for the Board to discuss other issues. GB began by updating the Board on the current Nomination Package in concurrence at DOE. He noted there are minor edits to be made based on a DOE change to the format of these packages. SENTECH, Inc. will pick-up the package, make the edits, and re-submit to DOE within the next several days in order to keep the package moving within the chain of concurrence. GB reiterated his hopes that this package will be approved in a manner which allows the proposed new members to attend the upcoming June meeting.
- JD asked if the Board could please, on the next teleconference call, discuss the letter from the Comptroller of Texas, Susan Combs, regarding use of State Energy Program (SEP) funds by EERE and how there seemed to be \$22 million which remained unaccounted for³. Ryan Gooch (RG) echoed this request and noted that this letter also spoke to Formula Funds. JD agreed, and other Board member's echoed the request, to discuss this letter on the next teleconference call and perhaps add it to the agenda for the June Meeting if there remained unanswered questions post the May call.
- JS asked if there were any other issues, comments or questions needing to be discussed on the call. Seeing as there were none, JS thanked all the members for their participation and adjourned the April teleconference call.

STEAB Teleconference Minutes Scribed by Emily Lindenberg, SENTECH Inc. contractor support.

³ A copy of the letter can be found as Appendix C immediately following these meeting minutes.

APPENDIX A

**United States Department of Energy
State Energy Advisory Board (STEAB)
*Resolution 10-01***

Topic: **U.S. Department of Energy, Cooperative Extension Service, and State Energy Offices Collaboration on energy efficiency and renewable energy education for America.**

Background: Record energy prices and a heavy reliance on foreign oil are resulting in increased interest in energy efficiency and the utilization of renewable energy. National and world efforts to set low-carbon emission standards are also driving demand for conservation, efficiency and renewable energy. The adoption of new technologies, energy-conserving practices, and renewable energy could be significantly enhanced through demonstration and educational efforts that provide knowledge and focus on behavior change. The U.S. Department of Energy (DOE) and U.S. Department of Agriculture (USDA) through land-grant universities are actively engaged in developing new energy technologies, researching energy-efficiency practices, evaluating renewable energy sources, and supporting the market transformation of these activities. Significant energy savings could be realized if end-users adopt these technologies and practices, and make behavior changes. By embracing these practices, jobs can be created, energy dependency can be reduced, and environments can be improved.

The Cooperative Extension Service (CES) is the major educational outreach agency of land-grant universities and is affiliated with the USDA National Institute for Food and Agriculture.

CES has a strong history of consumer trust. Research shows that establishing trust and integrity in communities is essential prior to observing and documenting changes in human behavior. This level of trust takes time to develop as an organization. Evaluated results show that CES faculty are valued and trusted sources of information.

CES also has a premier youth education program called 4-H and a network of over 3,000 County Extension Offices that reaches into virtually every community across the country and provides life-long learning for citizens. This educational work is facilitated through community partnerships (local governments, home weatherization programs, community action agencies, etc.) that provide a platform for transformational learning. This approach seeks actionable change in behavior, habits and practices.

Recently, CES launched a national, on-line educational environment called “eXtension” designed to provide continuous learning opportunities for consumers. Energy-efficiency and renewable energy education is being incorporated into this educational system that will have a significant impact on getting consumers to adopt clean-energy practices. Combining these activities with ongoing State Energy Office (SEO) initiatives (e.g., State Energy Program, Energy Efficiency and Conservation Block Grants, and Weatherization Assistance Program activities) will help leverage DOE’s efforts to maximize the acceptance and adoption of energy-efficiency and renewable energy practices across the nation.

Issue: Most Americans do not fully appreciate or understand the significant benefits that renewable energy and energy efficiency technologies offer. Community education leading to transformational learning is needed to capture the hearts and minds of Americans on the benefits of clean energy and its applicability to their lives. The CES’s history of consumer trust and strong community partnerships could provide cost effective and rapid adoption of energy efficiency and renewable energy practices across the United States. Not since the early 1980s has funding been provided for CES to integrate energy efficiency and renewable energy into land-grant universities’ outreach and deployment channels.

SEOs provide leadership to maximize the benefits of energy efficiency and renewable energy through awareness, technology development, and partnerships. Every state supports an SEO, but funding limitations restrict the SEO's capacity to educate residents statewide on a local community level. Together, these organizations, CES and SEOs, could leverage enhanced resources from DOE and USDA to improve practices of Americans to use and generate clean energy to improve local economies on a national basis.

Recommendation: STEAB respectfully encourages the DOE to initiate an active dialogue with USDA to establish formal agreements among EERE, CES and the SEOs to enhance the education of American citizens regarding energy efficiency and renewable energy. The end result would be a broader-scale adoption of renewable energy and energy efficiency practices. STEAB could serve as the national convener for the dialogue necessary to establish these agreements and facilitate the exchange of information among DOE, the CES and SEOs that will be necessary for these collaborative efforts to succeed. STEAB would also collect and provide DOE with success stories from these efforts.

Several arrangements could be used to establish this unique partnership. STEAB recommends that the DOE consider the following options for establishing the formal agreements needed for this partnership and to identify the needed funding resources:

- 1) Establish a Memorandum of Agreement (MOA) between the Office of Energy Efficiency and Renewable Energy and the USDA National Institute of Food and Agriculture. The MOA would identify the national leadership and management needed to establish and deliver this effort within states across the country. The shared resources needed to accomplish this effort would also be identified through the MOA.
- 2) The Office of Energy Efficiency and Renewable Energy establish program guidance and resources directed through the SEOs that creates the collaboration between CES and the SEOs. This arrangement would look to individual SEOs to partner with their state CES to establish the educational partnership outlined in this document.

Next Steps:

Authorize STEAB to initiate a dialogue with USDA and EERE / DOE to:

- a. Explore interest in this proposed partnership; and if positive,
- b. Convene a meeting between USDA and EERE / DOE to develop formal agreements that would establish this proposed partnership.

Unanimously Adopted by the STEAB on January 21, 2010

APPENDIX B

STEAB's Priorities through 2012

To actively support energy efficiency and renewable energy market growth throughout the United States:

- Enhance State / Regional EE & RE capacity:
 - Financial
 - Intellectual
 - Manufacturing
 - Technology
- Facilitate the development of more active relationships between DOE and State / local programs
- Understand common issues facing other organizations and become of value to these organizations, perhaps through partnering (e.g., U.S. Conference of Mayors; NGA; NARUC; NASCUA; etc.)
- Support successful implementation and deployment of EERE Programs
- Promote consumer education efforts
- Encourage the implementation of EE and RE technologies and services
- Propose and support strategies to maintain State activities after the ARRA funding is no longer available
- Accelerate development of “green” jobs at State / local levels

Adopted by the Board on 4-15-10

APPENDIX C

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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C O M B S

March 4, 2010

The Honorable Chet Edwards
Congressman, 17th District of Texas
United States House of Representatives
2369 Rayburn House Office Building
Washington, D.C. 20515-3225

Dear Congressman Edwards:

As the Energy and Water Appropriations Subcommittee begins its work on the fiscal 2011 budget, I hope you will give full consideration to appropriating 100 percent of the State Energy Program (SEP) funding to the states via formula. In Texas, the Comptroller's State Energy Conservation Office manages the SEP.

In its fiscal 2011 budget submission to Congress, the U.S. Department of Energy (DOE) has requested that half of the SEP funds be allocated by formula, and that half be held back for use in a future competition among the states, in alignment with DOE priorities. This approach is counter to the legislative purpose of the SEP, which provides cost-share funds that allow each state to strategically target its own energy efficiency and renewable energy priorities. The success of this unique program is well documented.

It is not clear why DOE created the competitive portion of the SEP to operate in parallel with the formula program originally envisioned by Congress. Nor is it clear why the competitive element was included in the fiscal 2011 budget request given that DOE had not issued a solicitation for either the fiscal 2009 or fiscal 2010 competitive funding at the time of the budget request on Feb. 1, 2010.

State Opinions on the Competitive Grants

According to the National Association of State Energy Officials, all 56 state and territory energy offices **strongly oppose** allocating half of the already modest SEP formula appropriation to competitive awards. The reasons are many, and include the following:

- Congress created the SEP to allow each state to address energy priorities and opportunities within the context of program rules, and requires state cost share to utilize these funds. DOE's selection of priorities for this funding with little knowledge of state needs is counterproductive to the program's authorized purpose and goals. The ability to flexibly respond to the needs (private sector innovation, community energy solutions, etc.) within each state is the hallmark of SEP. Further, DOE has substantial funding for its technology programs for which it already sets agency-specific priorities.
- DOE has thus far shown an inability to issue solicitations for the SEP competitive funding in a timely manner, and nearly half of those funds are either being retained or have been used for other purposes without explanation to the states or Congress.



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- The already modest formula funding is so limited by taking 50 percent away for DOE's priorities that states with modest energy program budgets have little ability to meet the many energy efficiency and renewable energy opportunities and needs in their states.
- The projects selected from the only SEP competitive solicitation ever issued are seen as having little real value when compared to the substantial energy and cost savings achieved through the state-created and strategic opportunities offered by the formula funding.

DOE Request for Competitive Grants

In fiscal 2009, DOE's budget submission to Congress included \$50 million for the State Energy Program, indicating \$25 million would be allocated to the DOE-created competitive grants program, and \$25 million would be allocated to the authorized SEP formula grant program. The budget presentation from DOE for SEP in fiscal 2009 was as follows:

- Award formula grants to 50 states, D.C., and territories for energy efficiency and renewable energy projects and programs. This ensures all states have energy programs and services for citizens, improves energy emergency preparedness and maintains the core capabilities of state energy offices (\$25 million).
- Award competitive grants to support states in accelerating market penetration of renewable and efficiency technologies and increasing available capital for energy projects. Project areas include energy efficiency, performance contracting, renewable energy certificates, market-oriented regional consortiums and air quality and utility-based energy efficiency initiatives (\$25 million).

Congress provided the requested \$50 million for SEP. Since the appropriation was provided, DOE delivered the \$25 million in fiscal 2009 formula funds to the states. However, the \$25 million in fiscal 2009 competitive grants has not been made available to the states, and no funding announcement has been issued.

In fiscal 2010, DOE requested \$75 million for the State Energy Program, and Congress provided \$50 million. Of that amount, Congress approved DOE's request that \$25 million should be provided for SEP competitive awards.

DOE recently announced a Notice of Intent to issue a solicitation, which includes funding for competitive SEP activities totaling \$28 million – far short of the \$50 million provided for fiscal 2009 and fiscal 2010 combined. It appears \$22 million in SEP funding is unaccounted for.



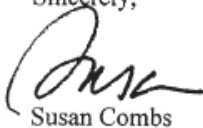
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SEP Value to Texas

The SEP is the only federally funded, state-based program administered by DOE that provides resources directly to the states for allocation by them for energy efficiency and renewable energy. With SEP formula funds and the resources leveraged by them, the state and territory energy offices develop and manage a variety of programs geared to increase energy efficiency, reduce energy use and costs, develop alternative energy and renewable energy sources, promote environmentally conscious economic development and reduce reliance on oil produced outside the U.S., all in the interest of helping to assure energy reliability and strengthening America's competitive position and national energy security.

I will be in Washington, D.C., on March 9 and would be happy to visit with you personally about this and other issues important to the state of Texas.

Sincerely,



Susan Combs

cc: Texas Office
Congressman John R. Carter
Congressman John Abney Culberson
Congresswoman Kay Granger
Congressman Ciro Rodriguez
Senator John Cornyn
Senator Kay Bailey Hutchison
Nancy Prosser
Robert Wood
Dub Taylor
Lisa Elledge

