



STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

March 18, 2009

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

RE: State Energy Program Assurances

Dear Secretary Chu:

As a condition of receiving Arizona's share of the \$3.1 billion funding for the State Energy Program (SEP) under the American Recovery and Renewal Act of 2009 (H.R. 1)(ARRA), I am providing the following assurances:

- I have written to our public utility commission and requested that they consider additional actions to promote energy efficiency, consistent with the Federal statutory language contained in H.R.1 and their obligations to maintain just and reasonable rates, while protecting the public. I acknowledge that the Arizona Corporation Commission has initiated an effort to promote efficiency.
- I have also written to the State Legislature and requested that they consider actions to improve building energy codes, consistent with State law and State constitutional requirements, and to consider the statutory language contained in ARRA.

We are prioritizing our energy investments to take advantage of existing programs and expand programs where appropriate.

Our state is committed to a robust improvement in energy efficiency and renewable energy, as well as a balanced State energy policy. I want to assure you that, within the limits of my authority, we will move forward in these critical areas.

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We look forward to immediate distribution of the Federal SEP funds to permit my State to make progress in energy efficiency and renewable energy.

Sincerely,


Janice K. Brewer
Governor

JB:ma:njw

SEC 410. ADDITIONAL STATE ENERGY GRANTS

(a) IN GENERAL — Amounts appropriated under the heading "Department of Energy—Energy Programs—Energy Efficiency and Renewable Energy" in this title shall be available to the Secretary of Energy for making additional grants under part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321 et seq.) The Secretary shall make grants under this section in excess of the base allocation established for a State under regulations issued pursuant to the authorization provided in section 365(f) of such Act only if the governor of the recipient State notifies the Secretary of Energy in writing that the governor has obtained necessary assurances that each of the following will occur:

(1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

(2) The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

(A) A building energy code (or codes) for residential buildings that meets or exceeds the most recently published International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A building energy code (or codes) for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1–2007, or achieves equivalent or greater energy savings.

(C) A plan for the jurisdiction achieving compliance with the building energy code or codes described in subparagraphs (A) and (B) within 8 years of the date of enactment of this Act in at least 90 percent of new and renovated residential and commercial building space. Such plan shall include active training and enforcement programs and measurement of the rate of compliance each year.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including—

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded—

(i) by the State, or

(ii) through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.