



May 15, 2009

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Karen Douglas, Chairperson
California Energy Commission
1516 Ninth Street
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RE: Energy Efficiency and Conservation Block Grant Program

Dear Chairperson Douglas:

On behalf of the California State Association of Counties (CSAC) and the Regional Council of Rural Counties (RCRC), we appreciate the opportunity to comment on the proposed guideline concepts for the allocation of the Energy Efficiency and Conservation Block Grant Program (EECBG). We recognize the time constraints involved in this process and appreciate the outreach efforts made by Energy Commission staff. In addition to suggestions for the proposed guideline concepts, CSAC and RCRC would first like to highlight an eligibility issue within the EECBG Program and the work the Legislature is doing to address this issue.

Background: American Recovery and Reinvestment Act of 2009 (ARRA)

On February 17, 2009 President Barack Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The Act is a sweeping economic stimulus bill that provides resources to various programs and other efforts with the purpose of reinvigorating the nation's economy. ARRA includes an appropriation for energy efficiency and conservation grants which will, in part, flow through the Energy Independence and Security Act of 2007 (EISA). This federal program established an Energy Efficiency and Conservation Block Grant (EECBG) program, which provides grants to states and local governments with the purpose of aiding them in the reduction of fossil fuel emissions and energy efficiency and conservation projects. Last year's AB 2176 (Caballero, Ch. 229) further codified EISA in state law, requiring the California Energy Commission to administer the funds and direct them to local governments. The bill also included population thresholds for EECBG funds for small cities and counties, requiring that funds be allocated to cities with a population of less than 35,000 and counties with a population of less than 200,000.

The Problem: Population Thresholds and AB 2176

As with AB 2176, EISA established population thresholds for the EECBG program for funds allocated directly from the U.S. Department of Energy (DOE) to large cities and counties, requiring that a city have at least a population of 35,000 and county 200,000. However, the formula DOE is using to distribute ARRA funds subtracts eligible city populations from total county populations. As a result, thirteen California counties with populations over 200,000 are not directly eligible for DOE EECBG funds. Furthermore, these counties are not eligible for the small city/county EECBG program because their total populations exceed 200,000.

The Fix: AB 262

Assembly Bill 262, by Assembly Speaker Karen Bass, would solve this problem by striking the population threshold language from statute. This change would enable those counties

not eligible for a direct allocation from DOE to be eligible for the state-administered program. Without this legislation, thirteen California counties will not be eligible for **any** EECBG funding. AB 262 is currently on the Assembly Appropriations Suspense File. CSAC and RCRC are closely tracking the progress of this bill and encourage support for this important and necessary legislative fix.

EECBG Guideline Concepts

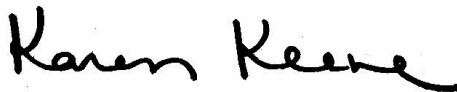
Counties support a combination of the guideline concepts presented by the Energy Commission staff at their EECBG Sacramento Workshop on May 8, 2009. In particular, CSAC and RCRC support a separate funding pool for small jurisdictions, as noted in Conceptual Program Three. As a result of DOE's allocation formula, there are 45 counties that fall into the state-administered EECBG program. Due to drastic difference in size and sophistication of counties within the state-administered program, we believe that special consideration should be given to smaller jurisdictions. CSAC and RCRC encourage the Energy Commission to provide technical assistance to the smaller jurisdictions so that they might be able to receive funding for eligible projects.

Additionally, CSAC and RCRC support grants and loans for planning purposes, as noted in Conceptual Program Five. Like the state, counties are facing difficult budget situations and any funds made available for planning purposes would greatly help counties tackle important planning activities for energy-related issues, such as climate change.

Finally, CSAC and RCRC support a combination of grants and low-interest loans as a means to allocate EECBG funds. AB 2176 established clear criteria for the allocation of the Energy Commission's EECBG funds, stating that grants should be prioritized based on cost-effectiveness and energy efficiency. A combination of competitive grants and low-interest loans will help to direct funds towards those projects that meet these standards.

CSAC and RCRC would like to thank you for the continued opportunity to play an active role in this process. Should you have any questions or need additional information regarding our comments, please do not hesitate to contact Karen Keene at 916-327-7500 ext. 504, or Cyndi Hillery at 916-447-4806.

Sincerely,



Karen Keene
CSAC Legislative Representative



Cyndi Hillery
RCRC Legislative Advocate

cc: John Sugar, Special Projects Manager, California Energy Commission
Pat Perez, Energy Security Manager, California Energy Commission