

# **American Recovery and Reinvestment Act of 2009 (ARRA) State Energy Efficient Appliance Rebate Programs**

## **Questions**

### **Applying for Funding**

**1. Who is eligible to receive the Appliance Rebate Program funds?**

Only the 50 U.S. States, 5 Territories, and the District of Columbia may apply for the funds. For the purposes of this posting, the term, “State” refers to all these eligible entities: States, Territories, and the District of Columbia.

**2. Is it only the State Energy Office that may submit the application, or can another State agency be identified as a State’s lead for this program?**

The State Energy Office may designate another agency (in its State) to apply for and implement the Energy Efficient Appliance Rebate Program. The designated agency must include a concurrence letter to this effect from the State Energy Office with its initial application.

**3. How do States apply for the funds?**

Each State must submit an initial application (SF-424) to DOE by August 15, 2009. All initial applications must be submitted via e-mail to: [recovery@id.doe.gov](mailto:recovery@id.doe.gov). Please note these are not to be uploaded using the Iips system. The comprehensive application is due by October 15, 2009. All comprehensive applications must be submitted through [www.fedconnect.net](http://www.fedconnect.net). States are encouraged to apply early, as funds will be awarded when program plans are deemed acceptable.

### **Filling out the SF-424**

**4. What funding level should States request in their SF-424, the “rounded” or “not rounded” values?**

States should use the “rounded” figure shown in Attachment 3 of the Funding Opportunity Announcement (FOA). The “not rounded” figure was shown only to assure applicants that the formula was applied fairly and transparently.

**5. How can administrative costs be included on the initial SF-424 if program designs are not yet established?**

For the initial application, State Energy Offices are not required to delineate administrative costs. Applicants should enter the total funding allocation “rounded” as shown in Attachment 3 of the FOA.

**6. How should States report administrative costs on the final SF-424? Should the State share and federal share of the administrative costs be shown separately?**

States should report total proposed administrative costs, and then delineate the portion for which DOE funds will be used. As specified in the FOA, the DOE share of administrative costs is limited to 50% of the total identified administrative costs.

**7. What should be entered in the section on Site Location?**

States should enter the congressional district in which the State Energy Office is located.

**8. Who signs the SF-424?**

The head of the State agency submitting the form, or whoever is authorized to sign on his or her behalf, should sign the SF-424.

**9. Will DOE award the funds on a rolling basis?**

Yes. DOE will award 10% of a State's allocated funds upon receipt of the initial application. DOE plans to have this initial phase of funding awarded by September 30, 2009. DOE will award the final 90% of funding on a rolling basis as plans are approved, with the aim to award all funds by November 30, 2009.

**Administrative Costs**

**10. What is considered an administrative cost?**

Administrative costs include the specific costs necessary to administer the rebate program, and include the costs for designing programs, disbursing funds, conducting outreach, and reporting. States should specify how their estimated administrative costs are further broken down among State labor, subcontractor costs, and other direct costs (travel, supplies, materials, ad placement, etc.). Direct recycling costs are not considered administrative; however, expenses incurred in administering a recycling program are indeed considered administrative. Administrative costs will be reported and specified among: accounting, processing, marketing, education, and tracking.

**11. Should States include their federally-approved indirect cost rates in their administrative cost budget?**

Yes. As with other grant requests, States may apply their indirect cost rates to their total proposed administrative costs.

**12. If a State is outsourcing (hiring as a subcontractor) some or all of its program to a utility, how are the administrative costs determined?**

The utility should calculate the incremental costs it will incur due to the inclusion of the additional American Recovery and Reinvestment Act. (ARRA)-funded activities. That incremental portion may then be included in the State's budget as an allowable administrative cost. Such costs would be listed as a subcontractor cost. DOE reporting requirements remain in effect: all cost categories must be listed. Reporting remains the responsibility of the State Energy Office.

**13. Can a State co-promote the ARRA rebates along with other State initiatives? If yes, how are the costs included in the administrative budget?**

If co-promoting the ARRA-funded programs along with another State initiative (e.g., a loan program, state tax credit, or state sales tax holiday), the ARRA funds should be used to expand or supplement previously planned promotion efforts, rather than supplant or replace funds already budgeted.

**14. Is there a limit on administrative costs as a percentage of total budget?**

States are advised to minimize administrative costs in order to maximize rebate funds to consumers. States are further advised to keep administrative costs within ten to twenty-five percent of their total program costs. For example, if a State's total program budget is \$2.0 million, then the total administrative costs should not exceed \$500,000. In this instance, DOE funding would cover only \$250,000, which is half of the total administrative cost estimate, and \$1.75M would be received by consumers in the form of rebates.

**15. Must States share any of the program costs?**

Yes. States are responsible for covering 50% of the identified administrative costs. Their federal allocation may fund the full cost of all appliance rebates as well as the remaining 50% of the administrative costs.

**16. May States use SEP grant money to fund their 50% cost share on administrative costs?**

No. Federal funds, such as SEP grant money, may not be used for the State's portion of the costs.

**17. Can an entity other than the State provide the funds for the 50% share of administrative costs?**

Yes. States may partner with other organizations (e.g., retailers, manufacturers, or utilities) that agree to cover the required cost share on the State's behalf. Signed letters of commitment from the other organization(s) must be included in the full application. In the case of a retailer funding these costs, the State must disclose potential conflicts of interest. The State, for example, must not disadvantage other retailers to the advantage of a single retailer covering the costs. Furthermore, even if a State outsources the administrative expenses, the State is still responsible for reporting to DOE.

**18. Can the contribution toward administrative costs be "in kind" rather than an actual financial payment?**

Yes. States must delineate all administrative costs and indicate those considered "in-kind." Any arrangements for in-kind support from third parties should be explained fully in the comprehensive application.

**Program Design**

**19. What appliances can qualify for the rebates?**

States have the flexibility to select which residential ENERGY STAR qualified appliances to include in their programs and what rebate amount to assign for each. In

addition, the program allows States to include products for cold climates (discussed below). DOE recommends that States select from among the following residential ENERGY STAR qualified appliance categories:

- Boilers
- Central air conditioners
- Clothes washers
- Dishwashers
- Freezers
- Furnaces (oil and gas)
- Heat pumps (air source and geothermal)
- Refrigerators
- Room air conditioners
- Water heaters.

**20. Can DOE provide more specific state-level information about the recommended products?**

Yes. DOE will provide an Excel spreadsheet tool to help States assess local market size and energy savings potential.

**21. How will States report? Will DOE provide a template for reporting?**

Yes. DOE will provide a template for reporting for use in both submitting their initial program plan budget and their ongoing tracking reports.

**22. If a State includes appliances from the recommended list in its program, what type of explanation or justification must be included in the Program Plan?**

States are not required to explain further or otherwise justify their plans when including appliances from the recommended list. States will find that these items provide a “fast track” to Program Plan approval.

**23. If a State wants to include an ENERGY STAR appliance not on the recommended list, what type of justification must be provided in the Program Plan?**

This program is based on Section 124 of the Energy Policy Act of 2005 (EPA 05) and seeks to target residential appliances, rather than consumer electronics or elements of the building envelope. States that seek to offer consumer rebates to other ENERGY STAR product categories not explicitly named in the FOA should provide a thorough justification for their selection. States should describe why that ENERGY STAR appliance will provide significant benefits to the State and include information on incremental costs and benefits. The information in the FOA’s Appendices on the recommended appliances for program inclusion provide guidance on how such justification for other appliance or product categories could be presented.

**24. The legislation refers to “cold climate products.” What are these and may they be included?**

Section 124 of EPA 05 allows States to provide rebates for additional non-ENERGY STAR products that provide energy savings in cold climates. If a State seeks to include a

cold climate product in its program, it must explain its reasoning (energy savings, benefits, etc.) in its Program Plan in a manner similar to the expanded justification described above.

**25. Must the individual appliances be manufactured in the United States in order to be eligible for a consumer rebate?**

States need not ensure rebated appliances are made in the U.S.

**26. How is the term “consumer” defined for this program?**

A consumer is an individual who purchases, uses, maintains, and disposes of products or services.

**27. Can rebates be paid to local weatherization Community Action Agencies?**

States must deliver the rebates to individual residential consumers. Rebates may not be paid to commercial or institutional organizations or Community Action Agencies.

**28. May States award the rebate funds using upstream manufacturer “buydowns” or retail “markdowns?”**

No. These are not consumer rebates. Such programs for manufacturer buydowns or retail markdowns do not provide specific flow of funds to consumers required by this legislation. Traditional "buydown" or "markdown" programs (sometimes used by utilities for their lighting programs) cannot confirm that rebate dollars reach eligible residential consumers.

However, States can direct rebate funds to retailers in order that they can process point-of-sale rebates. The rebates must be clearly identified at the point of sale as the State rebate (rather than a retailer promotion or some other incentive program) and must be tracked and reported. If pursuing this path, States should develop program guidelines for retailers, then offer the same arrangement to any retailer that can meet the requirements.

**29. Does this program fund recycling of used appliances?**

States must target their programs toward the replacement of appliances, as the legislation guides. In addition, DOE encourages States to include in their program recycling of used appliances, particularly refrigerators and room air conditioners. This will help remove old, inefficient appliances from the electric grid, and ensure the refrigerants in these products are properly captured.

**30. May States use ARRA funds to pay for product recycling?**

The costs to *administer* the recycling component of a State program may be included as an administrative cost.

**31. Can States outsource, or hire as subcontractor, the delivery of their programs to local utilities or third-party implementers?**

Yes. States may contract with third-party administrators or utilities to run their rebate programs. However, the State is still responsible for tracking and reporting to DOE. If

working with utilities, States will need to ensure all consumers in the State are eligible for the rebates.

**32. May a State outsource, or hire as subcontractor, the delivery of its program to another State?**

No. However, coordination or sharing of administrative costs with a neighboring State is allowed. Each state is still individually responsible for tracking and reporting on its program.

**33. May a State use these new ARRA funds to expand current State or utility programs?**

Yes. ARRA funds may be used to supplement existing State or utility programs. Such activity could include adding product categories, funding a greater number of rebate payments, or layering a higher rebate payment for a more efficient appliance. However, it is not acceptable to use ARRA funds to replace or supplant existing program funding. Any plans to supplement or expand existing programs should be clearly delineated in the program plan, with a clear description of the baseline program and the expanded program.

**34. How should States handle the NEPA provision? Are they exempt from this because the activities fall solely within a single state?**

The NEPA Categorical Exclusion from Building Retrofits has been applied to this program and is in effect.

**35. When must the States launch their programs?**

Once funds are received States can begin their programs. There is no specific deadline for program launch, but DOE encourages States to develop programs that can be deployed quickly.

**36. How long do States have to spend their money?**

The final deadline for use of all ARRA funds, including the Appliance Rebate Program is February 2012 (36 months from enactment of the ARRA legislation). States are encouraged to expend their funds as quickly as is prudent.

**37. What do States need to track and report to DOE?**

The FOA outlines the elements that must be reported quarterly to DOE. These include:

- Number of rebates paid to consumers by dollar amount and product type
- Total rebate dollars paid to consumers
- Estimated energy savings achieved, based on a standard formula for each product, comparing it to the usage for its non-ENERGY STAR counterpart
- Estimated jobs created or maintained
- Administrative costs broken out by category:
  - Accounting
  - Processing
  - Marketing
  - Education

- Tracking

**38. How often are the reports due, and where are they submitted?**

Progress reports will be due quarterly, with the first one to be submitted 12/15/2009. All quarterly reports should be submitted to the DOE Procurement Services Division (PSD): [psdrept@id.doe.gov](mailto:psdrept@id.doe.gov); and to the DOE Project Manager: Wendolyn Holland, [Wendolyn.Holland@ee.doe.gov](mailto:Wendolyn.Holland@ee.doe.gov) . Additional reports associated with ongoing Recovery Act tracking will also be required. More information will be provided as it becomes available.

**39. Can States use the ENERGY STAR logo in their program materials?**

Any organization that has joined the ENERGY STAR program may use the logo in its materials. Thus, States that have joined the ENERGY STAR program may also use the logo in their materials. Many states are already partners, but if your state is not, you may join for free by downloading and submitting the Partnership agreement for Energy Efficiency Program Sponsors, which can be found at: [http://www.energystar.gov/index.cfm?c=join.reps\\_agree](http://www.energystar.gov/index.cfm?c=join.reps_agree)

**Questions to be answered soon.....**

**Can States include other efficient products not covered by ENERGY STAR nor specifically for cold climates? (e.g., evaporative coolers)**

**May States direct rebate funds exclusively to lower-income consumers? Or pay higher rebates to lower-income consumers?**

**May States direct ARRA funds to retailers so they may assist in the process of rebates and recycling?**

**Can travel to the ENERGY STAR Appliance Partner Meeting in Chicago be considered an allowable administration cost?**

**Can States include other efficient products not covered by ENERGY STAR nor specifically for cold climates? (e.g., evaporative coolers)**

**Can rebates be paid to multifamily or institutional building owners?**

**May States direct rebate funds exclusively to lower-income consumers? Or pay higher rebates to lower-income consumers?**