

American Recovery & Reinvestment Act of 2009 (P.L. 111-5)

Energy Infrastructure

President Obama signed the American Recovery & Reinvestment Act of 2009 (ARRA) on February 17 (P.L. 111-5). ARRA allocates a total of \$787.2 billion to states and federal agencies through a variety of spending and revenue measures, which are designed to stimulate the economy. Approximately \$37 billion of this total is targeted for investments in energy infrastructure. The following provides an outline of energy infrastructure funds in ARRA, including a description of the programs, potential recipients of funds, and how interested parties may pursue funding allocated in the Act.

Energy Efficiency & Renewable Energy

The Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) received \$15.8 billion in total funding, which is distributed to various accounts, as follows:

Energy Efficiency and Conservation Block Grants: \$3.2 billion

Energy Efficiency and Conservation Block Grants provide funds for the reduction of fossil fuel emissions, the decrease of overall energy consumption, and the enhancement of energy efficiency in the transportation, building, and other energy consuming sectors.

Of the funds provided, \$2.8 billion is awarded to states through the formula established in subtitle E of title V of the Energy Independence and Security Act of 2007. The remaining \$400 million will be awarded by EERE on a competitive basis.

Potential Recipients: Cities, counties, states, and Indian tribes; private entities may also partner with a public government to receive funds for their projects.

How to Secure Funds: Formula funds will be distributed to states and qualifying local governments shortly. State and local governments will then have 60 days to complete paperwork and submit for funding. EERE will be issuing a solicitation for grant requests to distribute the competitive grant funds.

The Weatherization Assistance Program: \$5 billion

The EERE Weatherization Assistance Program provides assistance to low-income individuals in weatherizing their homes. The \$5 billion will be awarded to states in the form of grants under the formula established in part A of title IV of the Energy Conservation and Production Act.

Potential Recipients: This program is intended for low-income individuals. Initial recipients will be state and local governments, who will then distribute funds to needy individuals.

Indirectly, this program presents opportunities for companies to secure contracts with state and local governments to produce and install weatherization technologies.

How to Secure Funds: Funds will be distributed by formula to states and qualifying local governments shortly. Companies should contact their state and local governments regarding contracts for weatherization work.

The State Energy Program: \$3.1 billion

The EERE State Energy Program assists states in the adoption of efficient energy technologies. The \$3.1 billion will be awarded to states through grants under the formula established in part D of title III of the Energy Policy and Conservation Act.

Potential Recipients: Funding will initially be received by states. State energy offices will then determine recipients of funds, per existing state guidelines. Recipients may include local governments, universities, and private industry.

How to Secure Funds: Interested parties should contact their state energy offices regarding the distribution of funds and to ensure their products and technology are given due consideration by the state.

Advanced Battery Grants: \$2 billion

The EERE Advanced Battery Grant Program will award competitive grants to entities which develop and manufacture advanced battery technology, such as advanced lithium ion batteries and hybrid electrical systems, in the United States.

Potential Recipients: Universities, nonprofit research institutions, manufacturers of advanced battery systems and vehicle batteries.

How to Secure Funds: EERE will be issuing a solicitation(s) for requests to distribute competitive grant funds.

Research and Development: \$2.5 billion

These funds are for energy efficiency and renewable energy research and development. The agreement specifies that \$800 million should be used for biomass projects and \$400 million should be used for geothermal projects. Other eligible technologies include wind, hydropower, solar, fuel cell, hydrogen, and advanced vehicle technologies.

Potential Recipients: Eligible recipients are subject to specific solicitations, but will include universities, research institutions, and private industry.

How to Secure Funds: EERE will be issuing a solicitation(s) for requests to distribute competitive grant funds.

Electricity Delivery & Energy Reliability

Smart Grid Program: \$4.5 billion

The DOE's Office of Electricity Delivery and Energy Reliability (OE) will competitively distribute this funding for the purposes of conducting regional electric "smart" grid demonstration projects and energy storage research. The OE will provide a 50% cost share for smart grid demonstration projects and a 20% match for smart grid investments. \$100 million is also provided for worker training.

Potential Recipients: Public utilities, investor-owned utilities, and nonprofit entities controlling electric system assets. Private companies with smart grid technologies may also receive funds through partnerships with utilities.

How to Secure Funds: OE will be issuing a solicitation(s) for requests to distribute the competitive grant funds. Interested parties should also be speaking with OE and utilities to identify and prioritize technologies to utilize the funds.

Power Administrations: \$6.5 billion

The Western Area Power Administration and the Bonneville Power Administration are each granted \$3.25 billion in increased borrowing authority under the agreement.

Innovative Technology Loan Guarantee Program: \$6 billion

The DOE's Innovative Technology Loan Guarantee Program will competitively distribute funds to projects that develop and produce clean, efficient, and renewable energy. The funds are to be specifically used for early-stage implementation of renewable energy systems, electric power transmission systems, and leading-edge biofuel projects that generate revenue to repay the loans. Funding is not intended to be used for research and development.

Potential Recipients: Private industry, public, and nonprofit utilities.

How to Secure Funds: DOE will be issuing a solicitation for requests to distribute loan guarantee funding on a competitive basis. Interested parties should also be reaching out to DOE regarding specific technologies eligible for funding under the program.

Fossil Energy Research & Development Programs: \$3.4 billion

The DOE's Fossil Energy Research and Development Program will distribute grants for the development of innovative technologies for clean coal, petroleum coke and other plants of the future. Of that total, \$1 billion is for fossil energy research and development programs, \$800,000 is for the Clean Coal Power Initiative Round III Funding Opportunity Announcement, \$1.52 billion is for competitive projects relating to carbon capture and energy efficiency improvements, and \$50 million is for a competitive project relating to geological site characterization.

Potential Recipients: Private industry and research institutions.

How to Secure Funds: The Office of Fossil Energy will be issuing a solicitation for requests to distribute funding on a competitive basis.

General Services Administration – Federal Buildings: \$4.5 billion

The General Services Administration (GSA) will distribute the funds for the conversion and retrofitting of its facilities to High Performance Green Buildings. The GSA is required to submit a conversion plan to both the House and Senate Appropriations Committees within 45 days of the bill's enactment, or by April 2, 2009.

Potential Recipients: Federal agencies will use funds to upgrade agency facilities. Private companies, including construction firms and green technology businesses, are likely to be recipients of federal contracts awarded to implement the upgrades.

How to Secure Funds: GSA will be issuing solicitations for requests to implement upgrades to federal facilities. Interested parties should also be reaching out to the GSA to identify technologies and products for conversion and retrofitting projects.

For additional information about the ARRA, visit www.klgates.com/practices/stimulus.