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## Montana Department of Environmental Quality ARRA State Energy Program

### STATE ENERGY PROGRAM (SEP)

Montana received \$25.9 million in ARRA SEP funding and has directed those funds to programs that improve state infrastructure, reduce the use of finite fossil fuels through efficiency, support the development and use of renewable energy resources, and secure long term benefits for the state while providing jobs now and into the future. In addition to the Congressional appropriation of funds, the Montana Legislature had to act to approve activities and appropriate funding. This was accomplished under HB 465 which was signed into law by Governor Schweitzer on May 15, 2009.

Montana built on 20 years of experience in retrofitting state government buildings and planned for the future by establishing the State Buildings Energy Conservation Program Revolving Fund with \$22.3 million of ARRA SEP funds. The investments in the projects, plus 3 percent interest will be repaid with energy savings and the repayments will be reinvested into additional projects. In order to establish this revolving program, state legislation was introduced and passed in 2009. Projects must have an energy analysis completed in order to determine the cost effectiveness of the project and determine the length of payback. Most projects require significant design work, and are then put out for competitive bids.

Using ARRA funds Montana will invest as much in energy retrofits in 3 years as it has in the past 18 years. There are currently 89 projects ranging from small to large office buildings, fish hatcheries, traffic signals, state hospitals, maintenance facilities and prisons. Three projects have been completed, 38 are currently in construction, 18 have completed 65 percent or more of the design phase and will be bid this summer and fall, and the remaining 30 are moving quickly through design and analysis. The one-time investment of ARRA funds will result in annual savings to Montana of about \$2 million a year, and it provides an on-going, self-funded financing program for energy retrofits.

The first jobs created by this program were in the design sector. Managers at CTA, a large engineering and architecture firm in Montana, wrote a letter last October outlining the benefits of ARRA to their firm. This letter includes work done for the State Buildings Energy Conservation Program and other work, such as for schools under other ARRA programs. Dan Stevenson, then principal of CTA wrote, *"The economic downturn of 2008/2009 has taken its toll on CTA, albeit less dramatic than many firms have experienced. Company wide, reductions in force of about 10 percent were required. Some offices that were more focused on private sector markets, such as our Bozeman office, were hit much harder, with reductions of about 25 percent...I can emphatically state that stimulus funded energy conservation efforts in the State of Montana have*

*preserved jobs in Bozeman and throughout our firm. In times where every project is a necessary win, these projects that are beneficial to society and grounded in good will and the spirit of public/private cooperation have provided CTA a crucial economic and morale boost. I would estimate that the cumulative effect of the above energy projects has been the preservation of positions for over 20 CTA professionals.”*

The construction industry is also benefiting from the state buildings work. There were about 50 contractors that attended a pre-bid walk-through of one of the first projects to go to bid in Billings, Montana’s largest community with about 100,000 people. There were large turnouts in other locations as well. Bids came in very low allowing for additional projects to be developed, but also indicating how many firms needed work.

### **Renewable Energy Loans**

SEP ARRA funds are also increasing the number of renewable energy systems on Montana homes, businesses and not-for-profit organizations. Montana’s Alternative Energy Revolving Loan Program has been in existence since 2003. This program typically uses penalties collected from air quality violations to fund loans. The program is fully subscribed and there were more borrowers than funds available in 2009. An allocation of \$1.7 million SEP ARRA funds have provided loans for solar electric and solar thermal panels, wind installations, and geothermal and biomass systems. Loans may be for up to \$100,000 for up to fifteen years at 4 percent interest. As the loans are repaid, funds will be lent out again and again providing long term benefit to Montana from the one-time ARRA funds.

### **Energy Development & Demonstration Grants**

In April of 2009, the Montana Legislature appropriated \$1 million in federal ARRA funds for grants for renewable energy development in Montana. Discussion of this proposal at the legislative hearing was that while the bulk of the funds should go to quick jobs and reliable immediate energy savings, some portion of the funds should be directed to plan for a better energy future. As a result a competitive grant solicitation was issued and applications have been received and are under review. We are looking for technologies that are well proven, but not currently in use in Montana. The \$1 million for these grants (and less than \$200,000 of renewable energy loan funds) are the only ARRA project funds that have not yet been obligated in Montana.

### **Recycling Grants**

Energy used in mining and the manufacture of goods can be reduced through recycling. Broad recycling efforts in Montana are hindered by the relatively small population centers and long distances between communities. Montana allocated \$.5 million to 19 grants to increase the recycling infrastructure in communities, largely through purchase of equipment to process or store recyclables. The communities that received grants are expected to collaborate with other communities to provide efficient transportation to markets and to work toward developing new markets for recycling in Montana.

### **Information and Outreach Activities**

A small portion of ARRA funding — \$.3 million — is being used to educate Montanans about the benefits of weatherization and actions that can be taken in their homes. This information includes federal and state tax credits that are available for both the short and long term. Information is also provided to building code officials, contractors and design professionals about the new 2009 IECC energy code. Montana has already adopted this code and it will be applicable throughout the state this summer.

## **ENERGY EFFICIENCY & CONSERVATION BLOCK GRANTS (EECBG)**

Fifty-five Montana local governments are benefiting from grants to improve fire stations, city halls, courthouses and medical centers. Additional local governments will benefit from energy audits, conferences, and one-on-one assistance. Progress on EECBG has been slower than SEP because there were no existing programs to build upon and because guidance from DOE was slow. Local government representatives were consulted on the best way to design a program for them, a competitive solicitation was issued and selections for grants were made. Most projects were able to fit the categorical exclusion from NEPA, once it was issued, but a few projects are still undergoing NEPA review at DOE. Projects are spread from Ekalaka to Troy and range from \$40,000 to \$260,000.

