

(Grant Number: \_\_\_\_\_ )

State Title: **Buildings**

1. Market (choose one):

<input checked="" type="checkbox"/> Buildings	<input type="checkbox"/> Industry
<input type="checkbox"/> Electric Power and Renewable Energy	<input type="checkbox"/> Policy, Planning, and Energy Security
<input type="checkbox"/> Energy Education	<input type="checkbox"/> Transportation

2. State: VA

3. Program Year: 2009 Date Start: 04/17/09 Date End: 04/30/12

4. Topics Involved in the Overall Program Market (choose all that apply):

<input type="checkbox"/> Agriculture	<input type="checkbox"/> Federal, state, and local facilities	<input checked="" type="checkbox"/> Procurement of efficient products **
<input type="checkbox"/> Alternative fuels	<input type="checkbox"/> Federal Energy Management Program	<input type="checkbox"/> Public information
<input type="checkbox"/> Appliance efficiency and standards	<input type="checkbox"/> Financing energy programs	<input type="checkbox"/> Rating and labeling
<input type="checkbox"/> Bioenergy and biobased products	<input type="checkbox"/> Fuel cells	<input type="checkbox"/> Rebuild America
<input type="checkbox"/> Biomass power	<input checked="" type="checkbox"/> General energy efficiency for industry	<input checked="" type="checkbox"/> Residential buildings
<input type="checkbox"/> Building America	<input type="checkbox"/> Geothermal	<input type="checkbox"/> Right turn on red **
<input type="checkbox"/> Carpools, vanpools, and ridesharing **	<input type="checkbox"/> Green power programs	<input type="checkbox"/> Schools
<input type="checkbox"/> Clean Cities	<input type="checkbox"/> Heavy vehicles and trucks	<input type="checkbox"/> Solar power
<input type="checkbox"/> Climate change planning	<input checked="" type="checkbox"/> Home energy ratings	<input type="checkbox"/> State energy strategic plans
<input type="checkbox"/> Combined heat and power	<input type="checkbox"/> Hydrogen	<input type="checkbox"/> Telecommuting
<input checked="" type="checkbox"/> Commercial buildings	<input type="checkbox"/> Hydropower	<input type="checkbox"/> Thermal **
<input type="checkbox"/> Curriculum development	<input type="checkbox"/> Industrial processing	<input type="checkbox"/> Traffic signals
<input type="checkbox"/> Demand reduction	<input type="checkbox"/> Industries of the future	<input type="checkbox"/> Transmission and infrastructure reliability
<input type="checkbox"/> Distributed energy generation	<input checked="" type="checkbox"/> Lighting **	<input type="checkbox"/> Transportation alternatives
<input type="checkbox"/> Energy and environment	<input type="checkbox"/> Low-income weatherization	<input type="checkbox"/> Waste management and recycling
<input type="checkbox"/> Energy building codes	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Water systems
<input checked="" type="checkbox"/> Energy consumption and price statistics	<input checked="" type="checkbox"/> Motors and other industrial systems	<input type="checkbox"/> Wind energy
<input type="checkbox"/> Energy emergency planning	<input type="checkbox"/> Performance contracting	
<input checked="" type="checkbox"/> ENERGY STAR	<input type="checkbox"/> Policy and energy legislation	

5. Estimated Annual Energy Savings: will use protocol when provided by DOE (MBtus)

6. Description (executive summary of goals and objectives)\*

See attached sheets

7. Program Year Milestones\*

	Milestone	Planned (Number)
1	Establish Residential Energy Efficiency Rebate Program	1
2	Provide rebate per residential applicant over 3 year period	5,000
3	Establish Commercial Energy Efficiency Rebate Program	1
4	Provide rebate per commercial facility applicant over 3 year period	3,000

\*Please use additional pages if more space is needed.

\*\*Mandatory requirement

8. Standard Metrics (required):\*\*

JOB METRICS	Planned
Jobs Created	163* 815+
Jobs Retained	
TOTAL JOBS – Will use formal protocol when provided by DOE * \$15 million ÷ \$92,000 = 163 + \$75 million leveraged ÷ \$92,000 = 815 (5:1 ratio if rebates = 20% of improvement costs)	

9. Specific Metric Activity (required):\*\*

Metric Activity: Building Energy Audits/Evaluations  
Building Retrofits

SPECIFIC METRICS	Planned
Number of audits performed	
Floor space audited/evaluated	
Auditor's projection of energy savings	
Number of buildings retrofitted	
Square footage of buildings retrofitted	

10. User Specified Metrics (optional): \*

METRICS	Planned
Number of rebates given	
Monetary value of financial incentives provided	

11. Program Year Funds by Source \*

	Planned
a. SEP grant (all funds in the approved budget)	
	\$15,000,000.00
	\$
Market Budget Total	\$15,000,000.00
b. Leveraged funds anticipated (outside approved budget)	
	\$75,000,000.00
	\$

*\*Please use additional pages if more space is needed.*

*\*\*Mandatory requirement*

## **Grant/Rebate Program for Residential and Commercial Energy Efficiency Projects**

The Virginia DMME's Division of Energy proposes to provide grants/rebates for the installation of energy efficiency systems and devices in residential homes and commercial businesses through April 30, 2012.

Buildings account for nearly 40% of all energy use and global greenhouse gas emissions. Improving building energy efficiency produces construction and manufacturing jobs to create the materials used for achieving improved energy efficiency. The tremendous growth in demand by consumers and business owners for energy efficient equipment and devices to help save energy and money will help to foster the market for manufacturers and installers of energy efficiency systems to locate in the Commonwealth and demonstrate Virginia's attractive climate for this type of economic development. A stable market for training and certifying energy auditors and creating additional energy efficiency product installation jobs will also result from providing financial incentives for homeowners and businesses to improve their home's and building's energy efficiency.

The resulting reductions in energy usage and greenhouse gas emissions address goals in the Virginia Energy Plan, recommendations in the Governor's Commission on Climate Change, and also support the Governor's *Renew Virginia Initiative*. Grants/rebates will shorten the payback time associated with energy saved and energy costs reduced, making these investments more attractive for residential and small business applications. This proposed program is responsive to regular requests DMME receives from citizens to provide state incentives to promote energy efficiency.

### **Program Process:**

In order to facilitate the flow of stimulus funding to Virginia homeowners and the business community in a timely fashion over the next couple of months, DMME staff will review projects submitted by Virginia homeowners and commercial businesses on the Governor's [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) website earlier this year to make initial awards.

A more formalized application process for additional rounds of funding will be instituted after August 1, 2009, and guidelines, instructions and application forms will be posted on the Virginia DMME and [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) websites for homeowners and businesses to review and use to apply for the appropriate grant/rebate program.

Contractors will be secured to provide administrative support and to manage the grant/rebate program invoice receipts and reporting requirements that will accompany program implementation and financial tracking requirements. A financial manager will be hired to coordinate and implement ARRA fund receipts and disbursements activities within the overall DMME financial services structure.

Applications will be evaluated on a first come-first served basis, and applicants will be notified in writing if their application has been approved. This notification will authorize the applicant to initiate the work proposed in his application, after an energy efficiency evaluation has been performed by a certified energy auditor or home improvement contractor to confirm the need for the installation of more energy efficient systems or devices in the home or business. Applicants will have six (6) months to complete the recommended work.

Once the energy efficiency installation work is completed, follow-up documentation will be provided by the certified energy auditor or contractor to verify that work has been completed and to measure the energy efficiency projected to be gained by the improvements made to the home or commercial facility. The applicant will then submit original receipts and back-up documentation to the DMME office for

processing (within 45-days after the work is completed). Back-up documentation will provide the following data:

- Contact information of energy auditor firm (name, company, address, phone and email address), if applicable
- Contact information of contactor/installer of energy efficient systems/devices (name, company, address, phone and email address)
- Total heated or cooled square footage of home or business retrofitted
- Floor space audited (if applicable)
- Auditor's or contractor's projection of annual energy savings and basis of calculation
- Types of energy consuming devices, systems or material replaced by energy efficient devices/systems/materials
- Number of energy efficient units purchased (e.g., HVAC equipment, windows, doors, insulation, programmable thermostats, etc.)
- Energy efficiency rating and labeling of devices/systems installed (e.g., Energy Star-rated, SEER or EER rating for HVAC systems, AFUE % for furnaces and boilers, R-factor for insulation, U-factor for windows)
- Total cost of energy efficient improvements made (before rebate), including labor costs incurred to audit premises and install systems/devices, and the cost by unit of the new energy efficient equipment
- Proposed costs to be reimbursed

Guidelines describing these metrics in more detail will be developed and posted on the DMME and stimulus.virginia.gov websites. The work measure and verification form to report the data mentioned above will also be available on the websites for the applicant to download and complete.

#### Program Elements:

The grant/rebate program for energy efficiency improvements will focus on two discreet customer sector initiatives:

1. The **Residential Energy Efficiency Rebate Program** will provide \$7 million over approximately three years for energy efficiency improvements and retrofits made by Virginia homeowners for replacement of major systems equipment, including:

- Central A/C
- heat pumps
- furnaces
- boilers
- water heaters
- window replacements
- lighting upgrades
- insulation
- duct sealing
- programmable thermostats

Appliance rebates will not be included in this program, as Virginia is considering the development of a separate statewide Energy Star Appliance Rebate Program which would fund such rebates to homeowners in the future.

Homeowners will be eligible to receive a rebate for 20% of their expenditures up to \$2,000, plus \$250 of the cost of having an energy audit conducted by a certified auditor or contractor prior to commencement of the recommended energy efficiency work.

2. The **Commercial Energy Efficiency Rebate Program** will make \$8 million available over about three years for energy efficiency improvements and retrofits made by small business, industrial and commercial facilities and buildings. Eligible efficiency technologies will include:

- HVAC systems and controls
- Water heaters
- Window replacements
- Lighting upgrades
- Insulation
- Duct sealing
- High efficiency motors
- Compressed air or steam system upgrades

Commercial facilities will be eligible to receive rebates for 20% of their expenditures up to a maximum amount of \$4,000.

Each item will have to meet specific energy efficiency ratings established to measure the efficiency of a particular device or system. For example, all applicable devices or systems must meet federal Energy Star standards set for those particular technologies, and heating/cooling systems must meet specific minimum SEER, ERR, EF or AFUE ratings or standards. Windows must meet the Energy Star U-factor rating of at least .40, and a solar heat gain coefficient (SHGC) of at least .55, which are the suggested ratings for Virginia's climate zone.

Specific standards and ratings established for eligible devices and systems, along with rebate amounts eligible for reimbursement for each item under this program, will be posted on the [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) and DMME websites.

Funding (for a total of \$15 million over three years):

Residential EE Rebate Program

\$1.0 million for Round 1 projects, and \$3 million each for Rounds 2 and 3 projects

Commercial EE Rebate Program

\$1.0 million for Round 1 projects, and \$3.5 million each for Rounds 2 and 3 projects

(Grant Number: \_\_\_\_\_ )

State Title: Industry

1. Market (choose one):

<input type="checkbox"/> Buildings	<input checked="" type="checkbox"/> Industry
<input type="checkbox"/> Electric Power and Renewable Energy	<input type="checkbox"/> Policy, Planning, and Energy Security
<input type="checkbox"/> Energy Education	<input type="checkbox"/> Transportation

2. State: VA

3. Program Year: 2009 Date Start: 04/17/09 Date End: 04/30/12

4. Topics Involved in the Overall Program Market (choose all that apply):

<input type="checkbox"/> Agriculture	<input type="checkbox"/> Federal Energy Management Program	<input type="checkbox"/> Public information
<input checked="" type="checkbox"/> Alternative fuels	<input checked="" type="checkbox"/> Financing energy programs	<input type="checkbox"/> Rating and labeling
<input type="checkbox"/> Appliance efficiency and standards	<input type="checkbox"/> Fuel cells	<input type="checkbox"/> Rebuild America
<input checked="" type="checkbox"/> Bioenergy and biobased products	<input type="checkbox"/> General energy efficiency for industry	<input type="checkbox"/> Residential buildings
<input checked="" type="checkbox"/> Biomass power	<input type="checkbox"/> Geothermal	<input type="checkbox"/> Right turn on red **
<input type="checkbox"/> Building America	<input type="checkbox"/> Green power programs	<input type="checkbox"/> Schools
<input type="checkbox"/> Carpools, vanpools, and ridesharing **	<input type="checkbox"/> Heavy vehicles and trucks	<input checked="" type="checkbox"/> Solar power
<input type="checkbox"/> Clean Cities	<input type="checkbox"/> Home energy ratings	<input type="checkbox"/> State energy strategic plans
<input type="checkbox"/> Climate change planning	<input type="checkbox"/> Hydrogen	<input type="checkbox"/> Telecommuting
<input checked="" type="checkbox"/> Combined heat and power	<input type="checkbox"/> Hydropower	<input type="checkbox"/> Thermal **
<input type="checkbox"/> Commercial buildings	<input type="checkbox"/> Industrial processing	<input type="checkbox"/> Traffic signals
<input type="checkbox"/> Curriculum development	<input type="checkbox"/> Industries of the future	<input type="checkbox"/> Transmission and infrastructure reliability
<input checked="" type="checkbox"/> Demand reduction	<input type="checkbox"/> Lighting **	<input type="checkbox"/> Transportation alternatives
<input checked="" type="checkbox"/> Distributed energy generation	<input type="checkbox"/> Low-income weatherization	<input checked="" type="checkbox"/> Waste management and recycling
<input type="checkbox"/> Energy and environment	<input checked="" type="checkbox"/> Manufacturing	<input type="checkbox"/> Water systems
<input type="checkbox"/> Energy building codes	<input type="checkbox"/> Motors and other industrial systems	<input checked="" type="checkbox"/> Wind energy
<input type="checkbox"/> Energy consumption and price statistics	<input type="checkbox"/> Performance contracting	
<input type="checkbox"/> Energy emergency planning	<input type="checkbox"/> Policy and energy legislation	
<input type="checkbox"/> ENERGY STAR	<input type="checkbox"/> Procurement of efficient products **	
<input type="checkbox"/> Federal, state, and local facilities		

5. Estimated Annual Energy Savings: \_\_\_\_\_ (MBtus)

6. Description (executive summary of goals and objectives)\*

See attached sheets

7. Program Year Milestones\*

	Milestone	Planned (Number)
1	Establish Commonwealth GAP Energy Commercialization Fund	1
2	Establish Commonwealth Energy Business Incentive Fund	1
3	Provide grants/incentives to energy businesses	15-20
4	Invest in Energy Businesses	15-20

\*Please use additional pages if more space is needed. \*\*Mandatory requirement

8. Standard Metrics (required):\*\*

JOB METRICS	Planned
Jobs Created	108-543
Jobs Retained	
TOTAL JOBS – \$10m ÷ \$92,000 = 108	
\$10m + \$40m non-federal / \$92k = 543	108-543

9. Specific Metric Activity (required):\*\*

Metric Activity: Financial Incentives for Energy Efficiency and Other Covered Investments

SPECIFIC METRICS	Planned
Monetary value of financial incentive provided	
Total value of investments incentivized	

10. User Specified Metrics (optional): \*

METRICS	Planned
Number and monetary value of grants given	

11. Program Year Funds by Source \*

	Planned
a. SEP grant (all funds in the approved budget)	
	\$10,000,000.00
	\$
Market Budget Total	\$10,000,000.00
b. Leveraged funds anticipated (outside approved budget)	
Minimum 4-1 ratio of private to federal dollars expected.	\$40,000,000.00
	\$

*\*Please use additional pages if more space is needed.*

*\*\*Mandatory requirement*

## **Economic Development Programs**

Virginia proposes to use \$20 million, nearly a third of its Recovery Act allocation to the State Energy Program (SEP), for economic development programs to develop clean energy business and industry. The Commonwealth plans to allocate this money within four programs that range from traditional business support to innovative equity investment instruments derived from venture capital models. All of these programs are expected to highly leverage federal dollars with investments from non-federal sources.

The \$20 million in supply-side incentives will balance the renewable energy and energy conservation demand-side stimulus programs and help achieve goals voiced a few months ago when Gov. Timothy Kaine announced the Renew Virginia initiative, a multi-year strategy for energy project recruitment. “Our goal,” the governor said on December 11, 2008, “is to position the Commonwealth as a leader in alternative energy generation, energy conservation, and research and development. By developing a green energy industry here, we will not only move towards a more environmentally responsible approach to addressing our growing energy needs, but we will also help stimulate Virginia’s economy.”

The SEP programs are designed to multiply the impact of federal dollars by leveraging private investments to complement, supplement and accelerate Renew Virginia goals. This will preserve and create desirable new jobs while improving environmental, climate and energy security with investments in renewable energy and efficiency infrastructure that will pay short- and long-run dividends to the economy, environment and energy security. All of the programs leverage Recovery Act funds with significantly larger commitments of private dollars. Some of the programs also will generate program revenue to sustain the infrastructure-building efforts after federal funds no longer are available for this purpose.

The State Energy Office in Virginia resides within the Department of Mines, Minerals and Energy (DMME). DMME is well-positioned to succeed in energy-related development initiatives in part because of ready access to a comprehensive portfolio of economic development experts and support services. The Department is among 13 agencies under authority of the Secretary of Commerce and Trade<sup>1</sup> and has long-established working relationships with sister agencies that include:

Virginia Economic Development Partnership  
Virginia Resources Authority  
Department of Business Assistance  
Tobacco Indemnification and Community Revitalization Commission  
Virginia National Defense Industrial Authority  
Virginia Department of Labor and Industry  
Virginia Employment Commission

The Governor’s Energy Policy Advisory Council (GEPAC) will provide broad guidance to all ARRA programs developed and operated by DMME. GEPAC is an ideal mechanism for this oversight role. The Council is chaired by Steve Walz, the Governor’s Senior Advisor for Energy Policy and the director of DMME. The Council consists of 15 representatives of Virginia’s energy providers and producers, residential, commercial and industrial energy consumers, Virginia’s conservation community, and the Secretaries of Natural Resources, Commerce and Trade, and Technology.<sup>2</sup>

The Advisory Council’s responsibilities include the following:

1. Review the recommendations set forth in the Virginia Energy Plan as well as other relevant reports and studies.
2. Evaluate strategies for implementing recommendations of the Virginia Energy Plan, including prioritization, approach, and timeline.
3. Monitor implementation of the Virginia Energy Plan.
4. Identify additional energy policy options for the Commonwealth to address energy issues.
5. Make other recommendations as may be appropriate.

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<sup>1</sup> <http://www.commerce.virginia.gov/AgencyInfo/index.cfm>

<sup>2</sup> <http://www.dmme.virginia.gov/DE/AdvisoryCouncil.shtml>

Additional advisory panels will be established for specific programs as needed. The purpose of the advisory panels is to provide to DMME staff and contractors guidance and expertise; represent a wide and diverse array of government, business and community interests; and serve as a communications conduit to help disseminate ARRA program information to all Virginians.

**Biomass and Waste-to-Energy (WTE) Grant Program**  
**\$10 million**

DMME proposes a \$10 million competitive grant award program to accelerate development of Virginia energy production from renewable biomass and waste streams to create jobs, improve the environment, conserve resources and reduce dependence on imported petroleum. The detailed outline of this program is included in the Renewable market area of this application. The Biomass and WTE program will be managed with these industry programs, however, so its management structure is mentioned here.

DMME proposes to manage the biomass and WTE grant program using staff in the Division of Energy, consultants, contractors and an advisory council. The advisory council will include at least one member of GEPAC and at least three members of the Division of Energy staff. Additional members will be appointed by DMME to represent industry sector and technology experts; government agencies and offices with expertise or regulatory authority in the sector; and other business and community interests. The purpose of the advisory panel is to provide to DMME staff and contractors guidance and expertise; represent a diverse array of government, business and community interests; and serve as a communications conduit to help disseminate ARRA program information to all Virginians.

**Commonwealth Energy Business Incentive Fund**  
**\$5 million**

DMME proposes a \$5 million incentive grant program to grow clean energy businesses and manufacturers to create jobs, improve the environment, conserve resources and reduce dependence on imported petroleum.

DMME proposes to partner with the Virginia Economic Development Partnership (VEDP) to manage the program using VEDP and Division of Energy staff to implement Virginia's recently completed Energy Marketing Plan. The Virginia Energy Marketing Plan<sup>3</sup> to support Renew Virginia, the multi-year energy project recruitment effort, was completed March 31, 2009, and will serve as initial guidance to develop a roadmap for administration of the Commonwealth Energy Business Incentive Fund. The fund will be used to support or expand energy efficiency and renewable energy businesses. It will complement and supplement other, existing incentive programs offered by the state. Performance guarantees will specify minimum levels of economic benefits, including jobs and tax revenues to be created, and environmental and energy security advancements; and allow recapture of incentive grants when performance does not meet promised milestones. Mechanisms to recover portions of or entire incentive amounts will be explored, with a goal of making the fund self sustaining to the greatest degree possible.

**Commonwealth GAP Energy Commercialization Funds**  
**\$5 million**

DMME proposes two \$2.5 million incentive programs to support business and industry that is expanding into the energy efficiency or renewable energy space or emerging from early stage to commercial-stage operations in the energy efficiency or renewable energy sectors.

DMME proposes to partner with the Center for Innovative Technology (CIT) to manage the program using CIT and Division of Energy staff and the Commonwealth GAP Energy Fund Investment Advisory Board.

The Commonwealth GAP Energy Commercialization Fund is envisaged as an "evergreen" pool to fund investments based in part on venture capital models. The fund will complement and supplement other, existing incentive programs offered by CIT and the state. Mechanisms to recover portions of or entire incentive amounts

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<sup>3</sup> Energy Marketing Plan Final March 31, 2009. Available as a PowerPoint or in PDF format.

and equity stakes plus ROI will be explored with a goal of making the fund self sustaining to the greatest degree possible.

CIT is the non-profit operating company of the Virginia Innovative Technology Authority, which is recognized nationally as a model technology-based economic development organization. This is exemplified by the number of programs initiated by CIT and copied by other states. Nationally, Virginia is ranked 8th in the "2007 State New Economy Index" conducted by the Information Technology & Innovation Foundation and the Kauffman Foundation.

The Commonwealth GAP Energy Commercialization Fund will be modeled in part after the existing CIT GAP Funds model. Bridging the funding "gap" between founder resources and venture capital financing, CIT GAP Funds invests in high-potential technology companies offering significant economic development benefits for the Commonwealth and a return on invested capital. GAP Fund I, which invested in a diversified portfolio of seed-stage technology and life science companies, launched in 2004. In 2007, based on the success of GAP Fund I, CIT introduced a second generation of funds — GAP Tech and GAP BioLife. To date, CIT investments of just over \$3 million in 34 companies have attracted over \$37 million of private investment for those portfolio companies and realized significant additional infusion from federal grants and contracts brought about by CIT's investment. In total, these companies are on track to deliver nearly \$1 billion to Virginia's Gross State Product. In 2007, this model received validation from Johnson & Johnson through CIT's receipt of a multi-year \$500K grant to increase the base of investment capital in the GAP BioLife Fund.

CIT already either participates with investments in companies or tracks energy markets in preparation of possible investments in early stage companies across the alternative energy, "green tech," and "clean tech" spectrum of businesses contributing to near-term Recovery Act objectives. Areas for consideration for investment incentives include: solar, wind, and geothermal technologies; transportation technologies including vehicles and components, batteries, and fuel cells; biofuel applications such as cellulosic ethanol, algae, biomass, and biodiesel; green building technologies; water treatment and purification; and "green IT," including power management and smart grid technologies.

CIT's Investment Advisory Board (IAB) will be a primary resource for due diligence. IAB is an expert panel drawn from the regional entrepreneurial and early stage investment community. Representation on the IAB would include leading regional energy investors such as Kinetic Ventures, Point Capital Partners, New Enterprise Associates, Stuart Mill Capital, Enertech, and InQTel, and representation from key corporate stakeholders such as Chevron, Exxon Mobil, Dominion Resources, CONSOL Resources, and Alpha Natural Resources.

In structuring investments, CIT utilizes a convertible note with or without a companion warrant. This structure provides a three-fold benefit. First, it promotes easy and cost-effective deal placement absent protracted negotiation of company valuation. Second, and as developed by CIT, it provides an easy structure both for investment syndication concurrent with and downstream of CIT GAP Funds. Third, it provides CIT with the flexibility of recovering the loan amount at the completion of a contemplated 12 or 24-month term while participating in the company's future growth through future warrant exercise. Alternatively, this structure permits CIT to more fully participate in portfolio company growth through either conversion to an equity position in the company in anticipation of a larger downstream exit.

CIT takes an "active" approach to investment management, mentoring portfolio companies on a variety of issues business and technology development issues. Through this approach and CIT's associations with the Mid-Atlantic Venture Association (MAVA) and National Venture Capital Association (NVCA), CIT offers portfolio companies connections to leading energy and green tech investors beyond those involved in the Investment Advisory Board. These funds include Kleiner Perkins, Rockport Capital, NGEN Partners, SJF Ventures, Venrock, and Chrysalix Energy Venture Fund.

CIT has a staff person dedicated to assisting Virginia companies to identify and pursue federal grant and contract opportunities. Additionally, CIT maintains relationships with private investment sources – both individual and institutional investors. Based on CIT's experience with preceding GAP Funds, CIT projects that the Commonwealth GAP Energy Commercialization Funds portfolio companies should achieve a ten-to-one leverage of private sector investment to federal dollars deployed. Beyond this leverage of additional money into

portfolio companies, however, and following the model of Johnson & Johnson's grant to the GAP Life Science Fund, CIT anticipates attracting additional investment dollars into the Commonwealth GAP Energy Commercialization Funds, providing significant additional leverage of federal funding.

### **Evergreen Mechanism**

In managing CIT GAP Funds as an "evergreen" fund, CIT has employed a "blended approach" to investment exit, exercising one of three options: (1) Taking repayment of some investments at term; (2) Converting outstanding principal and interest into an equity position in the company; (3) Deferring note repayment in anticipation of a downstream financing event and conversion or high-yield repayment opportunity.

The following examples illustrate different means by which CIT has employed this approach in the generation of returns to CIT GAP Funds:

- Security Company (GAP Fund I) – CIT's \$50K financing of a revenue-generating professional services company enabled the launch of an audit/compliance product aimed at the banking sector. Within 18 months of CIT's initial investment the company returned 2X to CIT GAP Funds through a sale to a major global IT security firm.
- Internet Services Company (GAP Fund I) – Through its \$100K investment, CIT GAP Funds launched a hardware device providing ISPs with the capability to monetize misdirected e-mail. CIT GAP Funds accepted a cash-out for full recovery of principal and interest 12 months after investment.
- Orthopedic Device Company (GAP BioLife Fund) – CIT's \$100K investment in this university spin-out financed prototyping of an ACL repair device. CIT GAP Funds realized a \$54K distribution 12 months after investment while reserving the option to convert full initial principal at a downstream series A financing.

### **GAP Energy Fund Approach to New Job Creation**

CIT's approach to energy company financing is significantly differentiated from that offered by traditional economic development approaches based on "company attraction" models. While such approaches may succeed in attracting companies and employment opportunities to a given state or region, they do so at the expense of another state or region that might have benefited from the alternate location of those assets. While application of Recovery Act funding to this "zero-sum" approach may bring new jobs to Virginia, it would fail to yield net new job creation for the United States. CIT's GAP Energy Fund offers net new job creation for the country through the creation and development of new high performing companies that would not exist in the absence of this funding source. Statistics provided by the National Venture Capital Association (NVCA) strengthen the argument for new company investment as an agent of new job creation, citing that venture-backed companies presently account for 8.6% of all U.S. domestic employment and that 12 million jobs exist at public U.S. companies that were once supported by venture capital.

CIT is well-positioned to move expediently in the evaluation of prospective applicants. It has a current "pipeline" of more than 15 prospective energy companies. More will be solicited once the GAP Energy Fund is announced.

(Grant Number: \_\_\_\_\_ )

State Title: Renewables

1. Market (choose one):

<input type="checkbox"/> Buildings	<input type="checkbox"/> Industry
<input checked="" type="checkbox"/> Electric Power and Renewable Energy	<input type="checkbox"/> Policy, Planning, and Energy Security
<input type="checkbox"/> Energy Education	<input type="checkbox"/> Transportation

2. State: VA

3. Program Year: 2009 Date Start: 04/17/09 Date End: 04/30/12

4. Topics Involved in the Overall Program Market (choose all that apply):

<input type="checkbox"/> Agriculture	<input type="checkbox"/> Federal Energy Management Program	<input type="checkbox"/> Public information
<input type="checkbox"/> Alternative fuels	<input type="checkbox"/> Financing energy programs	<input type="checkbox"/> Rating and labeling
<input type="checkbox"/> Appliance efficiency and standards	<input type="checkbox"/> Fuel cells	<input type="checkbox"/> Rebuild America
<input checked="" type="checkbox"/> Bioenergy and biobased products	<input type="checkbox"/> General energy efficiency for industry	<input checked="" type="checkbox"/> Residential buildings
<input checked="" type="checkbox"/> Biomass power	<input type="checkbox"/> Geothermal	<input type="checkbox"/> Right turn on red **
<input type="checkbox"/> Building America	<input checked="" type="checkbox"/> Green power programs	<input type="checkbox"/> Schools
<input type="checkbox"/> Carpools, vanpools, and ridesharing **	<input type="checkbox"/> Heavy vehicles and trucks	<input checked="" type="checkbox"/> Solar power
<input type="checkbox"/> Clean Cities	<input type="checkbox"/> Home energy ratings	<input type="checkbox"/> State energy strategic plans
<input type="checkbox"/> Climate change planning	<input type="checkbox"/> Hydrogen	<input type="checkbox"/> Telecommuting
<input checked="" type="checkbox"/> Combined heat and power	<input type="checkbox"/> Hydropower	<input checked="" type="checkbox"/> Thermal **
<input checked="" type="checkbox"/> Commercial buildings	<input type="checkbox"/> Industrial processing	<input type="checkbox"/> Traffic signals
<input type="checkbox"/> Curriculum development	<input type="checkbox"/> Industries of the future	<input type="checkbox"/> Transmission and infrastructure reliability
<input type="checkbox"/> Demand reduction	<input type="checkbox"/> Lighting **	<input type="checkbox"/> Transportation alternatives
<input checked="" type="checkbox"/> Distributed energy generation	<input type="checkbox"/> Low-income weatherization	<input type="checkbox"/> Waste management and recycling
<input checked="" type="checkbox"/> Energy and environment	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Water systems
<input type="checkbox"/> Energy building codes	<input type="checkbox"/> Motors and other industrial systems	<input checked="" type="checkbox"/> Wind energy
<input type="checkbox"/> Energy consumption and price statistics	<input type="checkbox"/> Performance contracting	
<input type="checkbox"/> Energy emergency planning	<input type="checkbox"/> Policy and energy legislation	
<input type="checkbox"/> ENERGY STAR	<input checked="" type="checkbox"/> Procurement of efficient products **	
<input checked="" type="checkbox"/> Federal, state, and local facilities		

5. Estimated Annual Energy Savings: will use protocol when provided by DOE (MBtus)

6. Description (executive summary of goals and objectives)\*

See attached sheets

7. Program Year Milestones\*

	Milestone	Planned (Number)
1	Establish Residential Renewable Rebate Program	1
2	Establish Commercial Renewable Rebate Program	1
3	Establish State Institution Renewable Grants Program	1
4	Establish Local Government Renewable Grants Program	1
5	Support Waste-To-Energy Projects at Water Treatment or Landfill Facilities	2
6	Support Co-Firing Biomass at State Facilities	2
7	Support other biomass projects and technologies	4

8. Standard Metrics (required):\*\*

JOB METRICS	Planned
Jobs Created	458
Jobs Retained	
TOTAL JOBS – will use final protocol when provided by DOE \$42.14 million ÷ \$92,000 = 458	458

9. Specific Metric Activity (required):\*\*

Metric Activity: Renewable Energy Market Development

SPECIFIC METRICS	Planned
Number and size of solar energy systems installed	
Number and size of wind energy systems installed	
Number and size of other renewable energy systems installed	

10. User Specified Metrics (optional): \*

METRICS	Planned
Industrial Process Efficiency: Reduction in natural gas consumption	
Reduction in fuel oil consumption	
Reduction in electricity consumption	

11. Program Year Funds by Source \*

	Planned
a. SEP grant (all funds in the approved budget)	\$42,140,000.00
	\$
Market Budget Total	\$42,140,000.00
b. Leveraged funds anticipated (outside approved budget)	
	\$168,560,000.00
	\$

*\*Please use additional pages if more space is needed.*

*\*\*Mandatory requirement*

## **Grant/Rebate Program for Waste-to-Energy and Other Biomass Projects**

Virginia proposes to use \$10 million of its Recovery Act allocation to the State Energy Program (SEP), for Waste-to-Energy and other Biomass programs to develop, support, and demonstrate clean biomass energy projects with a commercial record. The Commonwealth will allocate this money to proposals from three groups: 1) water treatment biosolids/landfill gas facilities; 2) co-firing biomass in state facilities; and 3) other general biomass-to-energy projects.

	<b>Project Groups</b>	<b>Eligible Applicants</b>	<b>Funding Levels</b>
1)	<b>Local and Regional Governments</b>	<b>Public Authorities, such as Landfills and Water Treatment Facilities</b>	<b>\$ 2 M</b>
2)	<b>Co-Firing Biomass at State Facilities</b>	<b>Universities, Correctional Institutions, Mental Health Hospitals, and others</b>	<b>\$ 2 M</b>
3)	<b>Other Biomass Projects</b>	<b>Any</b>	<b>\$6 M</b>

### **1) Local and Regional Governments – Water Treatment / Landfill Facilities**

Two million dollars will be made available to support waste-to-energy projects at water treatment or landfill facilities, which processes are extremely energy intensive. Waste residues can include liquids, biosolids, gases, etc.

Eligible projects would be put forward by entities such as municipalities, counties, or special districts landfills, water treatment facilities, etc., which propose:

- (1) Anaerobic digesters, microturbines, gasification, methane recovery, etc., for heat or electricity generation;
- (2) Combined Heat and Power (CHP) resulting from or used within their treatment processes.
- (3) Harvesting landfill gas as energy source.

### **2) Co-Firing Biomass at State Facilities**

Two million dollars will be available to support co-firing projects at state facilities. Awards will be decided by an evaluation panel, selected by DMME. There will be at least two awards.

State facilities that are promising targets are universities, correctional facilities, mental health hospitals, etc.

Biomass fuels can include wood, warm season grasses, animal manures, or other biomass residues. Co-fired fuels can include coal or other biomass residues. Energy generated can include heat, steam, water, power, etc.

Processes used can include traditional direct combustion, gasification, etc.

### **3) Other Biomass Projects**

Six million dollars will be available for support of a range of biomass projects. Projects could include such things as farm-scaled anaerobic digester projects; development of systems to deliver biomass fuels to boilers; fluidized bed gasifiers; conversion of animal manures or wood wastes to pellets for use in co-firing; development of a torrefaction facility or production of commercial-grade torrefaction equipment; or other technologies.

#### **Program Process**

- Proposals will be drawn from both the Stimulus.Virginia.gov website, as well as from a request for proposals offered by DMME, in mid-summer, 2009. New proposals will be due 60-days from solicitation.
- DMME will accept proposals, as received, and reserve the option to contact the proposer, should more information be needed.
- An Evaluation Panel selected from government, business, and research communities will be formed for each funding group, to help develop the solicitations, to review proposals, make recommendations, and monitor progress of projects.
- The Evaluation Panel will recommend award amounts, with no project receiving greater than half of the funds available.
- For those projects seeking funds through construction, up to 10% of grant funds can be secured, up-front, and used for project design and development costs; or permitting and testing costs. After the project is permitted; 90% of project funds, will be distributed in a phased manner, based on successful completion of milestones, to comply with DOE/DMME risk mitigation approaches.
- For those proposers which are not seeking funding for construction, up to 50% of project development costs can be considered for funding.
- All projects will be required to report on progress, quarterly, and conclude with a Final Report will can be used as a case study.
- Projects must be completed by 4/30/12.

#### **General Project Selection Criteria**

Projects will be evaluated based on such things as:

- Proportion of documented financing available to be leveraged against stimulus monies.
- Number of jobs created.
- Capacity of Energy production by the project.
- Cogeneration or Combined Heat and Power projects will receive higher ranking.
- Based on the likelihood that projects will be constructed.
- Project's technical and commercial viability.

## **Small Wind Energy Grant and Rebate Program**

The Virginia DMME's Division of Energy proposes to provide grants to local governments, schools, and Virginia state facilities, and financial rebates to residential, commercial, and not-for-profit entities for the installation of certain qualified small wind power systems through April 30, 2012.

Currently, very few small wind systems are installed in Virginia. Interest and consumer demand for wind-powered generation, however, has grown dramatically over the past several years. While there is no single answer as to what is driving this demand, much can be attributed to increasing press coverage about wind power issues in Virginia and neighboring states, concerns over issues of climate change and sustainability, and an increased demand for clean and locally-generated renewable energy. The Virginia Wind Energy Collaborative (VWEC) has also played a significant role in educating consumers about wind power potential and applications for Virginia. VWEC was established to educate the public and inform decision-makers about wind power development in Virginia, in support of the Commonwealth's need for reliable and affordable energy, environmental quality, and economic development.

### **Background:**

The U.S. market for small wind turbines experienced record growth in 2008, growing by 78% and adding about 17 MW of installed capacity. The most significant growth was in the upper commercial (20-100 kW) and residential-scale turbine (1-10 kW) segments. The industry predicts 30-fold growth over the next five years.

Currently, each manufacturer uses its own specifications to report performance. The Small Wind Certification Council surveyed the industry and found that only 25% of the turbines sold in the U.S. have passed a certified testing process and over 50% have not been tested at all. Representatives from the industry and the American Wind Energy Association are developing a Small Wind Turbine Performance and Safety Standard for U.S. products, based on the existing International Electrotechnical Commission (IEC) standard. While these standards for wind turbines are emerging, no standard certification or test protocols are currently in place.

The implementation of a certification process will ultimately ensure a level of consumer confidence and advance the market segment for small wind systems. Until such a recognized standard is in place, however, there is increased concern among states and the industry itself about manufacturers of untested turbines utilizing unproven technologies entering the market to satisfy consumer demand at the same time state and federal incentives are taking hold. Industry experts and other stakeholders are concerned that a "wild west" behavior within the small wind industry may hurt the small wind market in much the same way that the solar thermal market's reputation was damaged in the 1970s and 1980s prior to the adoption of recognized certifications such as those developed by the Solar Rating and Certification Corporation.

There are an increasing number of wind turbine manufacturers marketing products with promises of high energy output in low wind conditions, for use on rooftops, in urban settings, and in other unconventional ways with no empirical data to support their claims. DMME staff is receiving an increasing number of inquiries about such products and the availability of incentives for their use in the Commonwealth.

If Virginia is to become a leader in the use and possible manufacturing of small wind turbines and associated components, we must carefully consider the types of systems that receive subsidies in order to support only those technologies with the greatest potential to result in wide-scale deployment. As such, the guidelines that will be developed for a Virginia Small Wind Rebate Program will address ways to ensure that equipment purchased with financial support through ARRA funds actually performs

in a manner that supports marketing claims. For example, only wind turbines that have been tested to IEC or draft AWEA standards will qualify for a rebate.

Increased use renewable energy use and the resulting greenhouse gas emissions address goals in the Virginia Energy Plan and recommendations in the Governor's Commission on Climate Change. They also support the Governor's *Renew Virginia Initiative*. Grants and rebates will shorten the payback time associated with the growth of renewable energy, making these investments more attractive for all sectors of Virginia's economy. This proposed program is in response to regular and increasing numbers of requests DMME receives from citizens to provide state incentives to promote the increased use of wind power equipment.

#### Program Process:

In order to facilitate the flow of stimulus funding to certain key sectors, DE staff will review projects submitted by Virginia commercial businesses and state and local government entities submitted on the Governor's [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) website earlier this year for possible award for first-round awards. Key criteria for selection of awards will be a demonstration of a project's "shovel readiness", its ability to leverage additional resources and stimulate employment, and an evaluation of the proposed wind power technology.

Because of the magnitude of this initiative, contract support will be secured to provide administrative support and to manage and implement the Small Wind Grant and Rebate Program. Implementing this program efficiently and cost effectively will require a team of experts knowledgeable in the technology and objectives of the wind power industry and in the implementation of financial transactions and competitive solicitations for financial assistance. The development of clear and transparent grading systems based on established criteria will require a management team to report to and collaborate with DMME on all aspects of the program and to coordinate with the stakeholders and the renewable energy industry.

The Virginia Wind Energy Collaborative at James Madison University is the logical lead on managing the small wind effort. VWEC has a demonstrated history of working with localities on wind power siting, resource assessment through their ongoing management of the Virginia State-Based Anemometer Loan Program, and perhaps most importantly, a working relationship with county officials overcoming what is currently the greatest barrier to small wind development - undefined and/or unfriendly zoning ordinances. Further, the U.S. Department of Energy's Wind Powering America has recognized the efforts and successes of VWEC.

VWEC will serve as the lead organization in the day-to-day management of this effort and will contractually partner with industry experts who will provide project development, marketing, and other expertise beyond the academic skill set readily available to VWEC. These subcontractors (as well as VWEC participants) will have no financial stake in the small wind grant and rebate program beyond those required contractually. The contracted industry experts will be prohibited from offering products or services to applicants on behalf of their own corporate interests.

A more formalized application process will be instituted after August 1, 2009. A set of evaluation and selection criteria will be developed by DMME, VWEC and program administrator, with input from the Governor's Energy Policy Advisory Council, DE staff and outside experts.

The program team will establish minimum requirements for wind power installers. Establishing a minimum skill threshold for practitioners will:

- provide a measure of consumer protection by giving citizens a standard for judging the competency of installers;

- promote the quality of ARRA-supported installations, thus improving the public perceptions of the technology and helping increase the industry's prominence; and
- provide installers with a way to distinguish themselves from their competition

The sequence and procedure for grant or rebate applications will be carefully planned and thorough. The program will require a significant education and outreach effort to ensure consumer protection.

Residential, commercial (including agricultural) and not-for-profit applications will be evaluated on a first come-first served basis. It is anticipated that a pre-application and notification process will be developed to authorize the applicant to initiate the work proposed in their application. Applicants will have twelve months to complete all work..

We anticipate the potential for, and in fact will market, larger wind power applications (up to 100 kilowatts) for use at state and local government facilities. Specific criteria will be developed for larger system types and will focus on those systems with the greatest return to the Commonwealth in terms of energy savings, job creation, dollars leveraged, and a projects educational potential. Educational institutions in particular will be key target recipients when incorporated into educational programs designed to prepare the renewable energy workforce of the future.

Once the wind energy system installation work is completed, the applicant will submit original receipts and all other required documentation to the Contract Administrator (VWEC), who will certify to DMME compliance with all program requirements. While final documentation requirements have yet to be developed, information shall at a minimum include:

- Contact information of contractor/installer of wind energy system/devices (name, company, address, phone and email address)
- Detailed information on the make and model of the system and an estimate of the annual energy production based on the systems performance rating as certified by a recognized testing facility.
- In the case of grid connected wind power systems, a copy of the utility Net Metering Notification as submitted to the local utility
- Detailed information on system cost
- Costs to be reimbursed through the grant or rebate.

Unconventional or non-traditional wind power systems will be evaluated by the program's administrative and technical team on a case-by-case basis. Specific requirements will be developed in collaboration with unbiased officials and organizations that will ensure consumer confidence and safety is maintained.

Detailed program guidelines and metrics will be developed and posted on the DMME and stimulus.virginia.gov websites. The work measure and verification form to report the data mentioned above will also be available on the websites for the applicant to download, complete and submit to DMME with original receipts showing labor costs incurred and systems/devices installed.

#### Program Elements:

The grant and rebate program for wind energy equipment will focus on three discrete customer sector initiatives:

1. The **Residential, Commercial (including agricultural) and Not-for-profit Program** will provide \$5 million over approximately three years for wind energy installations at up to \$1,500 per kilowatt of installed wind power equipment.

2. The **State Facility Wind Energy Grant Program** will make \$3 million available over three years for wind power installations at state facilities such as correctional facilities, state community colleges and universities, and other venues as determined on a case-by-case basis.
3. The **Local Government and School Facility Renewable Energy Grant Program** will make \$2.5 million available over three years for renewable energy installations wind energy installations at facilities such as public libraries, police, fire and rescue stations, and K-12 school facilities.

DE staff and an advisory group will set incentive amounts to be reimbursed for each eligible technology. Rebates will be issued to homeowners and commercial businesses and not-for profit groups based on a flat amount per kilowatt up to a maximum overall amount expended by the applicant to install wind energy system(s) at their home or business.

Each wind energy system will have to meet minimum performance and safety ratings currently in place or to be established by DMME and the program administrator. For example, wind energy systems certified by the IEC should automatically qualify. Systems tested to other standards or not tested at all may qualify upon review and approval of the program administrator. Grid-connected wind power systems shall comply with Virginia's regulations governing net energy metering as set forth in the Virginia Administrative Code. All systems installed must comply with local zoning regulations.

Specific standards and ratings established for eligible devices and systems, along with rebate amounts eligible for reimbursement for each item under this program, will be posted on the [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) and DMME websites.

Funding (for a total of \$10.5 million over three years):

Residential/Commercial/Not-for-Profit Solar Rebate Program

\$1.0 million for Round 1 projects, and \$2.0 million each for Rounds 2 and 3 projects

State Facility Solar Grant Program

\$1.0 million for all of three rounds of funding

Local Government and School Solar Grant Program

\$0.5 million for Round 1 projects, and \$1.0 million each for Rounds 2 and 3

DMME and the Contract Administrator will establish program guidelines that encourage early action, but which ensure consumer protection and safety. Consumer confidence will be a key issue as the wind power industry continues to grow. It is incumbent upon DMME and contractors to ensure that ARRA funds are used wisely to support technologies that will help sustain and grow the industry in ways that are predictable and measurable.

## **Solar Energy Grant and Rebate Program**

The Virginia DMME's Division of Energy proposes to provide grants to local governments, schools, and Virginia state facilities, and financial rebates to residential, commercial, and not-for-profit entities for the installation of certain solar thermal and photovoltaic equipment through April 30, 2012.

Virginia has experienced a tremendous growth in demand by all sectors for renewable energy systems, both for educational purposes and to help save energy and money.

Virginia currently offers a Solar Manufacturing Incentive Grant to support the production of solar photovoltaic panels. Currently there are no companies taking advantage of this program. Studies have shown that solar manufacturing tends to occur close to areas that have strong end user markets for solar products. Financial support for solar equipment in Virginia will help to grow the market for suppliers and installers of solar energy equipment and will encourage manufacturers of solar panels and supporting subsystems and equipment to locate in the Commonwealth

Increased use of renewable energy technologies and the resulting reductions in greenhouse gas emissions address goals in the Virginia Energy Plan, recommendations in the Governor's Commission on Climate Change, and also support the Governor's *Renew Virginia Initiative*. Grants and rebates will shorten the payback time associated with energy saved and energy costs reduced, making these investments more attractive for all sectors of Virginia's economy. This proposed program is responsive to regular and increasing numbers of requests DMME receives from citizens to provide state incentives to promote the increased use of solar energy equipment.

### Program Process:

In order to facilitate the flow of stimulus funding to certain key sectors, DE staff will review projects submitted by Virginia commercial businesses and state and local government entities submitted on the Governor's [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) website earlier this year for first-round awards. Key criteria for possible selection of any initial awards will be a demonstration of a project's "shovel readiness" and its ability to leverage additional resources and stimulate employment.

Because of the magnitude of this initiative, contract support will be secured to provide administrative support and to manage and implement the Solar Grant and Rebate Program. Implementing this program efficiently and cost effectively will require a team of experts knowledgeable of the technology and objectives of the renewable industry and in the implementation of financial transactions and competitive solicitations for financial assistance. The development of clear and transparent grading systems based on established criteria will require a management team to report to and collaborate with DMME on all aspects of the program and to coordinate with the stakeholders and the renewable energy industry.

A formalized application process will be instituted after August 1, 2009. A set of evaluation/selection criteria will be developed with input from the Governor's Energy Policy Advisory Council, DE staff and outside experts.

The program team will establish minimum requirements for solar system installers. Establishing a minimum skill threshold for practitioners will:

- provide a measure of consumer protection by giving citizens a standard for judging the competency of installers;
- promote the quality of ARRA-supported installations, thus improving the public perceptions of the technology and helping increase the industry's prominence; and
- provide installers with a way to distinguish themselves from their competition

The sequence and procedure for grant or rebate applications will be carefully planned and thorough, as the program must be implemented to reduce overenergy consumption and to ensure that the market is sustainable beyond the time ARRA funds expire. The program will ensure transparency through measurable results on both economic activity and clean energy produced.

Residential, commercial (including agricultural) and not-for-profit applications will be evaluated on a first come-first served basis. It is anticipated that a pre-application and notification process will be developed to authorize the applicant to initiate the work proposed in their application. Applicants will have six months to complete the recommended work.

State and local government sector application will be awarded based on specific criteria beyond those of the residential and commercial sectors, including those with the greatest rate of return to the Commonwealth and systems installed in settings with strong educational potential. Educational institutions in particular will be key target recipients when incorporated into educational programs designed to prepare the renewable energy workforce of the future.

Once the solar energy system installation work is completed, the applicant will submit all required documentation to the Contract Administrator, who will, in turn, certify to DMME compliance with program requirements. While final documentation requirements have yet to be developed, information shall at a minimum include:

- Contact information of contactor/installer of solar energy system/devices (name, company, address, phone and email address)
- In the case of a solar thermal (hot water) system, detailed information on the make and model of the system and an estimate of the annual energy production based on the systems performance rating as certified by the Solar Rating and Certification Corporation.
- In the case of photovoltaic systems, detailed information on the make, model and size of the system, an estimate of annual electrical production, and, in the case of grid connected photovoltaic systems, a copy on the utility Net Metering Notification as submitted to the local utility
- Detailed information on system cost
- Costs to be reimbursed through the rebate or grant

Detailed program guidelines and metrics will be developed and posted on the DMME and [stimulus.virginia.gov](http://stimulus.virginia.gov) websites. The work measure and verification form to report the data mentioned above will also be available on the websites for the applicant to download, complete and submit to DE with original receipts showing labor costs incurred and systems/devices installed.

#### Program Elements:

The grant and rebate program for solar energy equipment will focus on three discreet customer sector initiatives:

1. The **Residential, Commercial (including agricultural) and Not-for-profit** program will provide \$10 million over three years for renewable energy installations including solar thermal systems to heat air and water, solar photovoltaic systems, and transpired solar wall products. Rebates will be awarded at \$1,000 per kilowatt equivalent for solar thermal systems and \$2,000 per kilowatt for photovoltaic (solar electric) systems.
2. The **State Facility Renewable Energy Grant Program** will make \$10 million available over three years for renewable energy installations including solar thermal systems to heat air and water, solar photovoltaic systems, and transpired solar wall products at state facilities such as correctional

facilities, state community colleges and universities, and other venues as determined on a case-by-case basis.

3. The **Local Government and School Facility Renewable Energy Grant Program** will make \$7.5 million available over about three years for renewable energy installations including solar thermal systems to heat air and water, solar photovoltaic systems, and transpired solar wall products at facilities such as public libraries, police, fire and rescue stations, and K-12 school facilities. Local government and schools renewable funding will include a mix of both State Energy Program and Energy Efficiency Conservation Block Grant funds.

Rebates will be issued to homeowners and commercial businesses and not-for profit groups based on a flat amount per kilowatt, or kilowatt equivalent in the case of solar thermal systems, up to a maximum overall amount expended by the applicant to install renewable energy system(s) in their home or business.

Each renewable energy system will have to meet minimum performance and safety ratings currently in place or to be established by DMME and the program administrator. For example, solar thermal equipment shall be certified by the Solar Rating and Certification Corporation (SRCC) as meeting the SRCC OG-100 or OG-300 certifications. Grid-connected Photovoltaic systems shall comply with Virginia's regulations governing net energy metering as set forth in the Virginia Administrative Code.

Specific standards and ratings established for eligible devices and systems, along with rebate amounts eligible for reimbursement for each item under this program, will be posted on the [www.stimulus.virginia.gov](http://www.stimulus.virginia.gov) and DMME websites.

Funding (for a total of \$27.5 million over three years):

Residential/Commercial/Not-for-Profit Solar Rebate Program

\$2.0 million for Round 1 projects, and \$4.0 million each for Rounds 2 and 3 projects

State Facility Solar Grant Program

\$2.0 million for Round 1 projects, and \$4.0 million each for Rounds 2 and 3 projects

Local Government and School Solar Grant Program

\$1.0 million for Round 1 projects, and \$3.25 million each for Rounds 2 and 3

DMME and the Program Administrator will establish program guidelines that encourage early action, but which ensure consumer protection and safety, and which support technologies that will help sustain and grow the industry in ways that are predictable and measurable. Consumer confidence will be a key issue as the solar industry continues to grow.

(Grant Number: \_\_\_\_\_ )

State Title: Policy, Planning and Energy Security

1. Market (choose one):

<input type="checkbox"/> Buildings	<input type="checkbox"/> Industry
<input type="checkbox"/> Electric Power and Renewable Energy	<input checked="" type="checkbox"/> Policy, Planning, and Energy Security
<input type="checkbox"/> Energy Education	<input type="checkbox"/> Transportation

2. State: VA

3. Program Year: 2009 Date Start: 04/17/09 Date End: 04/30/12

4. Topics Involved in the Overall Program Market (choose all that apply):

<input type="checkbox"/> Agriculture	<input type="checkbox"/> Federal, state, and local facilities	<input type="checkbox"/> Procurement of efficient products **
<input type="checkbox"/> Alternative fuels	<input type="checkbox"/> Federal Energy Management Program	<input checked="" type="checkbox"/> Public information
<input type="checkbox"/> Appliance efficiency and standards	<input checked="" type="checkbox"/> Financing energy programs	<input type="checkbox"/> Rating and labeling
<input type="checkbox"/> Bioenergy and biobased products	<input type="checkbox"/> Fuel cells	<input type="checkbox"/> Rebuild America
<input type="checkbox"/> Biomass power	<input type="checkbox"/> General energy efficiency for industry	<input type="checkbox"/> Residential buildings
<input type="checkbox"/> Building America	<input type="checkbox"/> Geothermal	<input type="checkbox"/> Right turn on red **
<input type="checkbox"/> Carpools, vanpools, and ridesharing **	<input type="checkbox"/> Green power programs	<input type="checkbox"/> Schools
<input type="checkbox"/> Clean Cities	<input type="checkbox"/> Heavy vehicles and trucks	<input type="checkbox"/> Solar power
<input type="checkbox"/> Climate change planning	<input type="checkbox"/> Home energy ratings	<input checked="" type="checkbox"/> State energy strategic plans
<input type="checkbox"/> Combined heat and power	<input type="checkbox"/> Hydrogen	<input type="checkbox"/> Telecommuting
<input type="checkbox"/> Commercial buildings	<input type="checkbox"/> Hydropower	<input type="checkbox"/> Thermal **
<input type="checkbox"/> Curriculum development	<input type="checkbox"/> Industrial processing	<input type="checkbox"/> Traffic signals
<input type="checkbox"/> Demand reduction	<input type="checkbox"/> Industries of the future	<input type="checkbox"/> Transmission and infrastructure reliability
<input type="checkbox"/> Distributed energy generation	<input type="checkbox"/> Lighting **	<input type="checkbox"/> Transportation alternatives
<input type="checkbox"/> Energy and environment	<input type="checkbox"/> Low-income weatherization	<input type="checkbox"/> Waste management and recycling
<input type="checkbox"/> Energy building codes	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Water systems
<input type="checkbox"/> Energy consumption and price statistics	<input type="checkbox"/> Motors and other industrial systems	<input type="checkbox"/> Wind energy
<input checked="" type="checkbox"/> Energy emergency planning	<input type="checkbox"/> Performance contracting	
<input type="checkbox"/> ENERGY STAR	<input type="checkbox"/> Policy and energy legislation	

5. Estimated Annual Energy Savings: See attachment MBtus

6. Description (executive summary of goals and objectives)\*

See attachment

7. Program Year Milestones\*

	Milestone	Planned (Number)
1	See program descriptions for milestones by program area	
2	Develop RFP for one or more contractors to support programs	1-3
3	Make first rounds of awards by program by October 1, 2009	3-5
4	Make additional rounds of awards until funds distributed by October 1, 2011	3-5

\*Please use additional pages if more space is needed.

\*\*Mandatory requirement

8. Standard Metrics (required):\*\*

JOB METRICS	Planned
Jobs Created	
Jobs Retained	
TOTAL JOBS – see attachment	

9. Specific Metric Activity (required):\*\*

Metric Activity: Loans and Grants

SPECIFIC METRICS	Planned
Number and monetary value of grants awarded	

10. User Specified Metrics (optional): \*

METRICS	Planned
Number of information contacts made in which EE & RE measures were recommended	

11. Program Year Funds by Source \*

	Planned
<b>a. SEP grant (all funds in the approved budget)</b>	
DMME Administration and Contractual Support (see attachment)	\$ 2,861,000.00
Market Budget Total	\$ 2,861,000.00
<b>b. Leveraged funds anticipated (outside approved budget)</b>	

*\*Please use additional pages if more space is needed.*

*\*\*Mandatory requirement*

## **Planning and Administration**

Virginia proposes to spend about \$70 million in State Energy Program Recovery Act funds in three broad program areas to be administered by the Division of Energy, Department of Mines, Minerals and Energy (DMME):

- \$32 million in grants or rebate incentives to stimulate purchases of renewable energy systems for residences, businesses and government facilities.
- \$20 million in three economic development incentive programs to support biomass, waste-to-energy, renewable energy and energy efficiency products, services and projects.
- \$15 million in grants or rebate incentives to stimulate implementation of energy efficiency improvements in homes and commercial properties.

The Governor's Energy Policy Advisory Council (GEPAC) will provide broad guidance to all ARRA programs developed and operated by DMME. GEPAC is an ideal mechanism for this oversight role. The Council is chaired by Steve Walz, the Governor's Senior Advisor for Energy Policy and the director of DMME. The Council consists of 15 representatives of Virginia's energy providers and producers, residential, commercial and industrial energy consumers, Virginia's conservation community, and the Secretaries of Natural Resources, Commerce and Trade, and Technology.<sup>4</sup>

Additional advisory panels will be established for specific programs as needed. The purpose of GEPAC oversight and the advisory panels is to provide to DMME, partners and contractors guidance and expertise; represent government, business and community interests; and serve as a communications conduit to help disseminate ARRA program information to all Virginians.

The SEP programs will be designed and managed to safeguard federal dollars, ensure their speedy, transparent and equitable distribution, and multiply their impact by leveraging private investments. The goal of all programs will be to preserve and create desirable new jobs while building renewable energy and energy efficiency infrastructure that will pay short- and long-run dividends to the economy, environment and energy security. To these ends, the Division of Energy staff will assign top priority to these programs, recruit appropriate support from other public and private partners, and hire contractors and consultants as needed for technical and specialized support. Federally supported administrative costs will not exceed \$3 million.

Estimated annual energy savings and jobs created:

Using the minimum goal of 10 MMBtu per \$1,000 spent, Virginia's goal will be to save 70,000 MMBtu (therms) of energy with federal SEP dollars. At the expected average leverage rate of no less than 4-to-1, the Virginia programs will save 350,000 MMBtu (therms).

Using the suggested rule of thumb of 1 job created for each \$92,000 spent, Virginia projects that SEP programs will create 761 jobs with federal SEP dollars. At the expected average leverage rate of at least 4-to-1, Virginia programs will create 3,804 jobs.

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<sup>4</sup> <http://www.dmme.virginia.gov/DE/AdvisoryCouncil.shtml>

**BUDGET JUSTIFICATION FILE**

**Virginia SEP ARRA Grant Proposal – May 12, 2009**

- A. **PERSONNEL:** Identify key persons, personnel categories and the estimated costs for each person through April 30, 2012.

**We anticipate using \$2.861 million of the allowable administrative costs allocated in Virginia’s initial SEP ARRA award on April 17, 2009 (\$7,001,000) to support contractual SEP ARRA planning, programmatic and technical management agreements to be solicited through a Request for Proposals process over the next two months. We will also hire a financial manager to be funded with ARRA funds to coordinate and implement a financial management system to track ARRA funding receipts and disbursements activities within the overall DMME financial services structure. Current SEP staff supported with regular SEP grant administrative funding will oversee contractor work for the duration of the project. These staff will include the Division of Energy Director, SEP Manager, Renewable Energy Program Manager, and Energy Program Manager.**

Federally Funded New Position (1.0 FTE)	
Financial Manager (100% for 3 years)	\$300,000

Financial Manager: Will serve as the “financial control desk” to make sure ARRA funds are fairly and quickly distributed according to the transparency, accountability and other conditions specified by the DOE FOA and special terms agreement. Will administer SEP ARRA budget, be responsible for coordinating requisitions, grant drawdowns and other transactions, and assuring that ARRA funds are segregated and clearly tracked from the time of receipt by DMME to disbursement to the final recipient.

Energy Division Director: Directs overall division activities; approves budgets and expenditures; responsible for energy data management; coordinates with other department activities; and coaches and supervises division staff. Will oversee work related to Clean Energy Business Development and the Commonwealth Energy Technology Commercialization Fund.

State Energy Program Manager: Researches, coordinates and applies for funding opportunities for the Division of Energy; responsible for Special Projects grant solicitation and contract management; processes SEP grant awards and contract documents; responsible for preparing SEP Program Status Reports and other reports to U.S. DOE. Supervises federally-funded SEP program staff work efforts. Will oversee work related to managing the grant/rebate program

established for energy efficiency incentives offered to Virginia homeowners.

Renewable Energy Program Manager: Manages Solar and Wind programs (includes DOE Wind Powering America and Solar America Initiative), solar schools, energy technology/ economic development projects; provides computer support for division; and assists with division web page design. Will oversee work related to managing the grant/rebate programs established for renewable incentives for residential, commercial and state facilities.

Energy Program Manager: Manages biofuels projects with numerous stakeholder groups. Works with the Southeast Regional Biomass Program to promote bioenergy technology applications across the State. Manages client contact database for performance measures. Provides support to the Virginia Rebuild America Program and Building America contractor. Provides support for Virginia Energy Plan. Will oversee work related to managing the incentives program established for biomass and waste-to-energy projects.

**B. FRINGE BENEFITS:** Fringe benefit rates are calculated at an average of 33% of total direct salaries = \$ 99,000 for grant duration

**C. TRAVEL:** Describe the purpose of proposed travel, number of travelers and travel days: \$15,000 over 3 years

SEP ARRA-funded Division of Energy staff will travel both in-state and out-of-state. In-state travel will include trips to local conferences, training sessions, and other related meetings that directly relate to SEP ARRA financial management programs. Out-of-state travel is anticipated for participation at DOE-sponsored meetings related to SEP ARRA program related activities, such as regional meetings, DOE/NETL program meetings, etc.

Projected staff travel during the full grant project period (through April 30, 2012) may include the following trips (all originating from Richmond, VA):

<u>Purpose</u>	<u># Staff</u>	<u># Days</u>	<u>Destination</u>	<u>Est. Cost</u>
DOE Meetings Related to ARRA activities (5 trips over grant duration)	1	3	TBD	5,000
Various Workshops, Conferences, training Opportunities (over grant duration)	1	varies	TBD	10,000

Estimated travel expenses are consistent with the official travel regulations and guidelines of the Commonwealth of Virginia and include transportation, lodging, meals, and per diem expenses. Travel is charged to the grant based on actual costs up to the limits prescribed by the state's travel regulations.

**D. EQUIPMENT:** List of equipment and cost of each item over grant duration: \$5,000 (no equipment purchases planned for items exceeding \$5,000/unit)

**E. SUPPLIES:** Supplies and cost for items over grant duration: \$5,000

Supplies to be purchased include standard office supplies, such as paper, staples, file folders, etc. Also included in supply costs are repair and maintenance materials, computer operating supplies, and educational supplies. The cost basis for these supplies expenditures is historical. Breakdowns include the following:

Administrative Supplies (office supplies, stationery and forms, etc.)	\$1,000
Energy Supplies (gasoline for state fleet vehicles)	2,500
Repair/Maintenance Supplies (vehicle repair/maintenance)	650
Specific Use Supplies (computer print cartridges, educational supplies such as digital media, AV tapes, display booth for exhibits)	850

The Division of Administration manages supplies for the Division of Energy. Supplies are ordered on an as-needed basis, and the Division of Energy pays a per person proportion (37.5%) of supply costs.

**F. CONTRACTUAL: \$69,505,630** See Attachment F for program area descriptions

**G. CONSTRUCTION:** Not Applicable

**H. OTHER:** \$0 for grant duration

Other expenses include: Insurances (fixed asset and operations), office lease, technical services, awards, service charges, communication services, employee development, management services, special wage payments, disability benefits, leave payouts

Cost estimates are based on prior purchases of similar or like items.

**I. TOTAL DIRECT CHARGES: \$69,929,630**

Total of A through H above.

**J. INDIRECT CHARGES:**

The U.S. Department of Interior is the cognizant federal agency that approves indirect costs for the Department of Mines, Minerals and Energy. The DMME point of contact is Mike Garrett in DMME's Office of Financial Services (phone 276-523-8109, email [mike.garrett@dmme.virginia.gov](mailto:mike.garrett@dmme.virginia.gov)). Indirect cost calculations for the Division of Energy are based on a percentage of total direct salaries and wages for SEP-funded positions. Indirect rates are not applied to state funded positions. The approved indirect cost rate for the Division of Energy is 23.79% for the July 1, 2009 through June 30, 2010 time period.

Direct salary X 23.79% X 3 years = \$71,370

**K. COST SHARE: The 20% state cost share requirement has been waived for the SEP ARRA grant.**

**Virginia State Energy Program ARRA Grant Proposal – May 12, 2009**

**ATTACHMENT TO BUDGET JUSTIFICATION**

**Virginia State Energy Program ARRA Grant Proposal - May 12, 2009**

**F. CONTRACTUAL: Proposed program areas for subaward/consultant work and costs of each. See Narrative Information Worksheets for further details on program structures, services to be provided, and proposed contractual support to be secured.**

<b>MARKET: BUILDINGS</b>	<b>Basis of Cost</b>	<b>FY 2010-12 Projects Federal Funds</b>	<b>State Match</b>
Grant/Rebate Program for Energy Efficient Improvements to Residential Homes	Quote	\$15 million	\$0
<b>TOTAL</b>		<b>\$15 million</b>	<b>\$0</b>

<b>MARKET: ELECTRIC POWER AND RENEWABLE ENERGY</b>	<b>Basis of Cost</b>	<b>FY 2010-12 Projects Federal Funds</b>	<b>State Match</b>
Incentives Program for Biomass and Waste-to-Energy Facilities	Quote	\$10 million	\$0
Grant/Rebate Program for Renewable Energy Improvements to State Facilities	Quote	\$13 million	\$0
Grant/Rebate Program for Renewable Energy Improvements to Residential Homes	Quote	\$15 million	\$0
Grant/Rebate Program for Renewable Energy Improvements to Local Gov't and Public School Buildings	Quote	\$4.14 million	\$0
<b>TOTAL</b>		<b>\$42.14 million</b>	<b>\$0</b>

<b>MARKET: INDUSTRY</b>	<b>Basis of Cost</b>	<b>FY 2010-12 Projects Federal Funds</b>	<b>State Match</b>
Clean Energy Business Development Fund	Quote	\$5 million	\$0
Commonwealth Energy Technology Commercialization Fund	Quote	\$5 million	\$0
<b>TOTAL</b>		<b>\$10 million</b>	<b>\$0</b>

<b>MARKET: POLICY, PLANNING AND ENERGY SECURITY</b>	<b>Basis of Cost</b>	<b>FY 2010-12 Projects Federal Funds</b>	<b>State Match</b>
Overseeing Administrative Process for Managing Virginia's State Energy Program ARRA grant (shown here, but not contractual)	Historical	\$495,370	\$0
Contractual Support (planning, technical and programmatic) for Managing Virginia's SEP ARRA Grant	Quote	\$2,365,630	\$0
<b>TOTAL</b>		<b>\$2,861,000</b>	<b>\$0</b>



# **Virginia ARRA State Energy Program Grant Proposal**

## **Supplement to Annual File**

### **Recovery Ramp Up**

Section 410 (a)(3) of the Conference Report accompanying the American Recovery and Reinvestment Act requires that ARRA funds be used for the expansion of existing energy efficiency and renewable energy programs. In order to comply with this requirement, the Virginia SEP program commits to using SEP ARRA funding to create new, or expand existing energy efficiency and renewable energy programs, including ratepayer-funded programs, and not to supplant or replace existing state, ratepayer or other funding with these SEP ARRA monies. These programs and projects will be consistent with State law, State Constitutional requirements, state energy policy priorities (as established in the Virginia Energy Plan and the Climate Change Commission recommendations), and statutory language contained in ARRA.

Projects to be undertaken by the Virginia SEP program and its subrecipients will be carefully and equitably selected based on strict criteria developed by the Division of Energy to emphasize the project's ability to stimulate the creation or retention of jobs; save energy; increase energy generation from renewable sources; and reduce greenhouse gas emissions on an expedited schedule. The criteria also emphasize, among other things, ease and speed of implementation, financial and programmatic leveraging, return on investment, sustainability, and consumer demand.

The following list is provided which indicates the energy efficiency and renewable energy program areas to be funded, the state FY 2010 funding level for each existing or proposed new program, and the state FY 2011 and FY 2012 planned funding levels for each existing or proposed new program. Details of each program area can be found in the State Plan.

1. Grant/Rebate Program for Residential Renewable Energy Projects
2. Grant/Rebate Program for Renewable Energy Projects at Public Buildings
3. Incentives for Renewable Energy Projects at State Agency Facilities
4. Grant/Rebate Program for Residential Energy Efficiency Projects
5. Grants to Provide Incentives for Biomass and Waste-to-Energy Enterprise Investments
6. Clean Energy Business Development Fund grants
7. Clean Energy Commercialization Fund grants
8. Contractual and Administrative Support

## Summary of Budget Allocations by Project

**State FY 2010 – FY 2012  
(July 1, 2009 – June 30, 2012)**

<b>Project</b>	<b>Dollars in Millions</b>			<b>TOTAL</b>
	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	
1. Grant/Rebate Program for Residential Renewable Energy	2.0	7.0	6.0	15.0
2. Grant/Rebate for Renewable Energy Projects at Public Buildings	2.0	2.14	0	4.14
3. Incentives for Renewable Energy Projects at State Agency Buildings	2.0	6.0	5.0	13.0
4. Grant/Rebate Program for Residential Energy Efficiency	2.0	7.0	6.0	15.0
5. Incentives for Biomass and Waste-to-Energy Projects	1.0	6.0	3.0	10.0
6. Clean Energy Business Dvlpmt Grants	1.0	2.0	2.0	5.0
7. Clean Energy Commercialization Fund Grants	1.0	4.0	0	5.0
8. Contractual and Administrative Support	.861	1.0	1.0	2.861
<b>Subtotal</b>	<b>11.861</b>	<b>35.14</b>	<b>23.0</b>	<b>70.001</b>

**TOTAL = \$70,001,000 over three year period (through April 30, 2012)**

(May 12, 2009)

## Meeting the Commonwealth of Virginia Governor's Assurances

### Under ARRA Section 410

On March 20, 2009, the Commonwealth of Virginia Governor, Timothy M. Kaine, sent a letter to the U.S. Department of Energy Secretary, Steven Chu, which provided assurances that the state will move forward with actions consistent with the statutory language contained in Section 410 of ARRA.

Utility Financial Incentives: The Commonwealth has provisions in place that provide general policies for incentives for natural gas and electric utilities to implement cost-effective energy efficiency and demand-side management programs and to recover the costs of such programs in their rates. These policies are implemented by the Virginia State Corporation Commission, our State regulatory authority over natural gas and electric utilities.

Several bills passed by the General Assembly in its 2009 session advanced the Governor's *Renew Virginia Initiative*. Most notable was SB 1248, a bill that promotes energy efficiency by electric utilities by providing cost recovery for companies' utility investments in energy efficiency. This will help reduce carbon emissions by removing current financial disincentives to put efficiency on a par with energy sales for an investor owned electric utility. SB 1339 provides tools to expand energy efficiency and the use of renewable energy sources. The legislation raises the state's voluntary renewable portfolio standard to 15% by 2025 and creates financial incentives to encourage investor owned electric utilities to voluntarily participate in the RFS program. Utilities can now set up dynamic electric rates to allow customers to shift electric use to times when rates are lower and conserve more energy at peak use times. The legislation also increases the rates paid to Virginia customers whose private renewable energy systems create surplus renewable electricity that is then sold back into the electric grid.

Building Energy Codes: Virginia is also taking actions to improve building energy codes, consistent with State law, State Constitutional requirements and ARRA statutory language. The Virginia Department of Housing and Community Development is primarily responsible for overseeing the promulgation of the Virginia Uniform Statewide Building Code (USBC). The Virginia Board of Housing and Community Development is empowered to adopt building regulations and standards that are mandated for local enforcement by each jurisdiction.

On May 1, 2008, the Board adopted the 2006 USBC that incorporates by reference the 2006 International Energy Conservation Code and the ASHRAE 90.1-2004 standard. There were no state amendments made to either the 2006 IECC or the standard 90.1-2004. In a February 24, 2009 letter to DOE/EERE Principal Deputy Assistant Secretary Steve Chalk, the Virginia DHCD certified that Virginia meets ASHRAE 90.1-2004 for all

newly constructed public and private buildings and for renovation and alteration work undertaken in existing buildings. In March 2009, DHCD also commenced the 2009 USBC regulatory process with a complete and effective data for September, 2010 to adopt the 2009 IECC and the ASHRAE 90.1-2007 standard. These actions exceed the ARRA condition for a state to develop a plan to achieve 90 percent compliance with residential and commercial building energy codes within eight years.

Prioritizing Energy Investments: The Commonwealth is committed to achieving robust improvements in energy efficiency and renewable energy, as well as a balanced State energy policy. We are prioritizing our energy investments to take advantage of existing programs, and will expand programs where appropriate consistent with ARRA statutory language. Programs will include energy efficiency and renewable energy retrofits of homes and commercial facilities, renewable energy projects and deployment activities for local governments and public buildings, economic development and technology commercialization funds to attract energy manufacturing to the state, and cooperation and joint activities between Virginia and other states, where appropriate and practical, to advance more sustainable regional energy efficient and renewable energy projects.

(May 12, 2009)

## **Commonwealth of Virginia**

### **Compliance with Davis-Bacon Act**

The Davis-Bacon and Related Acts (Subchapter IV of Chapter 31 of Title 40, United States Code) apply to contractors and subcontractors performing on federally funded or assisted contracts over \$2,000 for the construction, alteration, or repair of public buildings or public works. Contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. For prime contracts over \$100,000, contractors and subcontractors must also pay laborers and mechanics at least one and one-half times their regular rate of pay for all hours worked over 40 hours in a workweek. Overtime provisions in the Fair Labor Standards Act may also apply to Davis-Bacon Act-covered contracts.

The Commonwealth's labor and employment laws are regulated under Title 40.1 of the Code of Virginia, and Virginia currently complies, and agrees to comply in the future, with all provisions contained in both the Davis-Bacon and the Fair Labor Standards Acts.

(May 12, 2009)