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## MEMORANDUM

DATE: September 27, 2010  
TO: Florida Energy and Climate Commission  
FROM: Travis Yelverton, Deputy Director of the Governor's Energy Office  
RE: Background of Solar Rebate Program and Energy Star HVAC Program

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The purpose of this memo is to provide background information on two programs administered by the Governor's Energy Office, on behalf of the Florida Energy and Climate Commission (FECC). The FECC asked the Executive Office of the Governor to request budget authority from the Joint Legislative Budget Commission (LBC) to allow rebate processing and payments within these two programs; however the requests were not placed on the September 14, 2010 LBC agenda. The LBC is empowered in Chapter 216, Florida Statutes, to ratify certain adjustments to the budget as recommended by the Governor or the Chief Justice of the Supreme Court without the concurrence of the full legislature.

### SOLAR REBATE PROGRAM

The Solar Energy System Incentives Program, often referred to as the Florida Solar Rebate Program, was created by the Legislature in 2006 under the Florida Renewable Energy Technologies and Energy Efficiency Act (Florida Statute 377.801-377.806) as a four-year program to sunset June 30, 2010.

A summary of the \$11 million in state funding is as follows:

- FY 2006-2007, appropriation of \$2.5 million - exhausted by May 2007
- FY 2007-2008, appropriation of \$3.5 million - exhausted by December 2007
- FY 2008-2009, appropriation of \$5.0 million - exhausted when released on July 1, 2008
- No state appropriation for FY 2009-10 or FY 2010-11

A summary of the \$28.3 million in requested federal funding is as follows:

- In February 2009, the US Congress enacted the American Recovery and Reinvestment Act (ARRA). The FECC requested the Governor's Energy Office act on its behalf to apply for approval to use federal funding to satisfy the backlog of approved yet unfunded applications.
- June 2009 - US Department of Energy (USDOE) approved an April 2009 Governor's Energy Office application to use \$5 million of State Energy Program (SEP) ARRA funding for the program, with spending authority approved by the LBC
- September 2009 - an additional \$9.4 million of SEP ARRA was approved by USDOE, with spending authority approved in the General Appropriations Act for FY 2009-10
- July 2010 - Recognizing a backlog of approved applications in excess of \$14.6 million, the FECC requested the Governor's Energy Office to petition USDOE for approval to use

additional SEP ARRA funds to pay down the backlog of approved applications. A USDOE letter dated August 3, 2010 encouraged further investment in the program.

- August 2010 - \$13.9 million in reprogrammed SEP ARRA funding was approved by the FECC. These funds were aggregated from three existing programs showing slow progress. The spending authority was requested to be placed on the LBC agenda for September 14, 2010.

#### **ENERGY STAR HVAC APPLIANCE REBATE**

An April 21, 2010 USDOE letter sent to State Energy Office Executive Directors provided dates by which ARRA funds should be encumbered and drawn down, along with suggestions on how to spend the funds “well, effectively and quickly.” The letter states that if the State Energy Office has not yet issued a planned request for proposal for any projects to instead reallocate those funds to state programs which could permit more timely expenditure of the ARRA funds. Specifically they recommended appliance and renewable energy rebate programs, due to their popularity and ease of implementation.

At the request of FECC, a May 14, 2010 email to USDOE followed, with the Governor’s Energy Office asking permission to streamline Florida’s residential retrofit program. The request was to allocate the \$15 million of SEP ARRA funds designated for that program to an ENERGY STAR rebate program only for HVAC and geothermal appliances in conjunction with duct testing. This request received a same day USDOE affirmative response including the recognition that this proposal was a subset of the original residential retrofit program that would be administered through the ENERGY STAR Appliance rebate program.

On July 24, 2010, the Energy Office submitted a full program design proposal to USDOE ENERGY STAR Office to continue the ENERGY STAR appliance rebate program, add HVAC and geothermal appliances, and use \$2.5 million in ENERGY STAR funds in conjunction with the \$15 million of SEP ARRA funds. This \$17.5 million proposal was approved by USDOE on July 28, 2010.

#### **BUDGET AUTHORITY FOR REBATE PROGRAMS**

The Governor’s Energy Office prepared requests on behalf of the Florida Energy and Climate Commission (FECC) to the Florida Legislature’s Joint Legislative Budget Commission (LBC) for additional spending authority within the Grants and Donations Trust Fund.

Details are as follows:

- \$13,902,623 spending authority in appropriation category Energy Conservation Initiatives - ARRA to disburse into a portion of the solar rebate approved backlog
- \$17,543,417 spending authority in appropriation category Appliance Rebates for disbursement through the ENERGY STAR HVAC Appliance Rebate program

These requests were not placed on the agenda for the LBC meeting on September 14, 2010.