Energy Efficiency Funding Can Move Quickly, In Contrast to claim in CBO Report

A coalition of businesses, utilities, low income groups, and energy efficiency organizations has reviewed the Congressional Budget Office (CBO) analysis of the economic recovery bill[1] with respect to projected spend out rates for the $14.2B in energy efficiency spending proposed in the Senate and the $18.5B in the House version. This coalition believes strongly that the CBO analysis is flawed because it did not incorporate important realities associated with the existing energy efficiency programs and infrastructure.

Specifically;

1. The CBO report incorrectly states that the rate of spending for all of the Department of Energy (DOE) funding in the economic recovery bill would be lower than for existing DOE programs.[2] The funding mechanisms for the State Energy Programs (SEP), Weatherization Assistance Program (WAP), and Federal Energy Management Program Energy Service Contracting, however, can all easily and quickly handle the appropriations made to these programs in the economic recovery bill. DOE's only responsibility for SEP and WAP programs is to pass the funding through to the appropriate recipients. The governor certification required in the bill for funding to states also should not significantly add to the amount of time it takes to process the funding.
2. There is also a significant state infrastructure and funds from state-regulated ratepayer funded programs that support all of the above efficiency programs. The CBO federal assessment that the existing base funding is $1.9B ignores the $3.5B in state-regulatory funds and $2B in low-income funding. Incorporating these existing funds will result in an increase of less than a 2x increase over existing funding during an 18 month time frame and not the 7x increase as CBO claimed. Even the investment in efficiency in federal facilities through the FEMP Energy Service Contracting program makes use of state incentives and the existing contracting infrastructure in place in all the states.
3. The CBO indicated that new programs needed to be created. In fact, program vehicles exist through DOE for funneling these funds into real

[1] February 2, 2009 Congressional Budget Office Cost Estimate of H.R. 1 (American Recovery and Reinvestment Act of 2009) and the January 30, 2009 CBO letter to Chairman Obey on Budget Impacts of H.R. 1 (American Recovery and Reinvestment Act of 2009)

[2] February 2 CBO Estimate, p. 7.

projects in very short order. These efforts are supported the EPA Energy Star Program and can move funding within 30 days.

4. The infrastructure of organizations and companies prepared to implement this funding exist in every state and are prepared to support implementation. These groups have been developed and supported by state and private market activity that has not been incorporated into the CBO report. These established businesses are eager to hire new workers and expand their operations into more factories, businesses and homes in order, reducing energy costs for their customers – the funding being contemplated would fuel that effort and would be quickly, effectively and well spent.

In addition;

1. The investments in energy efficiency leverage private funds in almost every case (with the exception of low income weatherization) and therefore the direct stimulus effect is greater than just Federal expenditures.   The direct stimulus impact can be as high at twice the federal dollars or $28B based on the Senate proposal.
2. The efficiency investments result in lower energy costs for federal, state and local budgets as well as for households and businesses which will see lower costs. This impact adds an additional $3 in energy cost reductions over the life of the measures for every $1 invested, thus adding additional economic stimulus.
3. The investment in energy efficiency will lower energy prices for all consumers as lower demand for energy leads to lower gas, electric and oil prices in the market. This has been proven in all three of these energy sectors.

In sum, the CBO report fails to take into consideration key aspects of the energy efficiency economy and infrastructure and incorrectly assesses both the impact and the pace of economic benefit.