

ARRA & the State Energy Program (SEP)

April 30, 2009

Honeywell

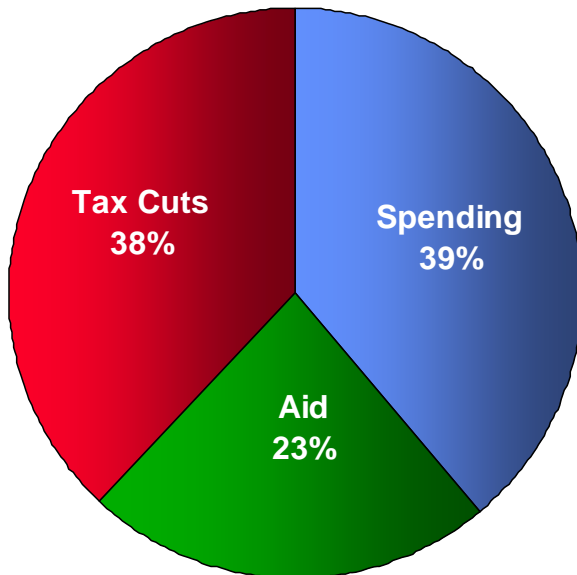
- **Stimulus Funding Overview – Where’s the money going?**
- **Areas of Focus for States**
 - State Energy Program (SEP)
 - Energy Efficiency & Conservation Block Grants (EECBG)
- **Top 25 States – Who’s getting the money?**
- **SEP - How’s it work? How can you participate?**
- **EECBG Details - How’s it work? How can you participate?**
- **Actions – Next steps**

Overview of Stimulus package

**Objective: Create or save 3.5M jobs over the next two years
and transform the U.S. economy to compete in the 21st century**

Breakdown of Spend

Total - \$791 billion



Summary

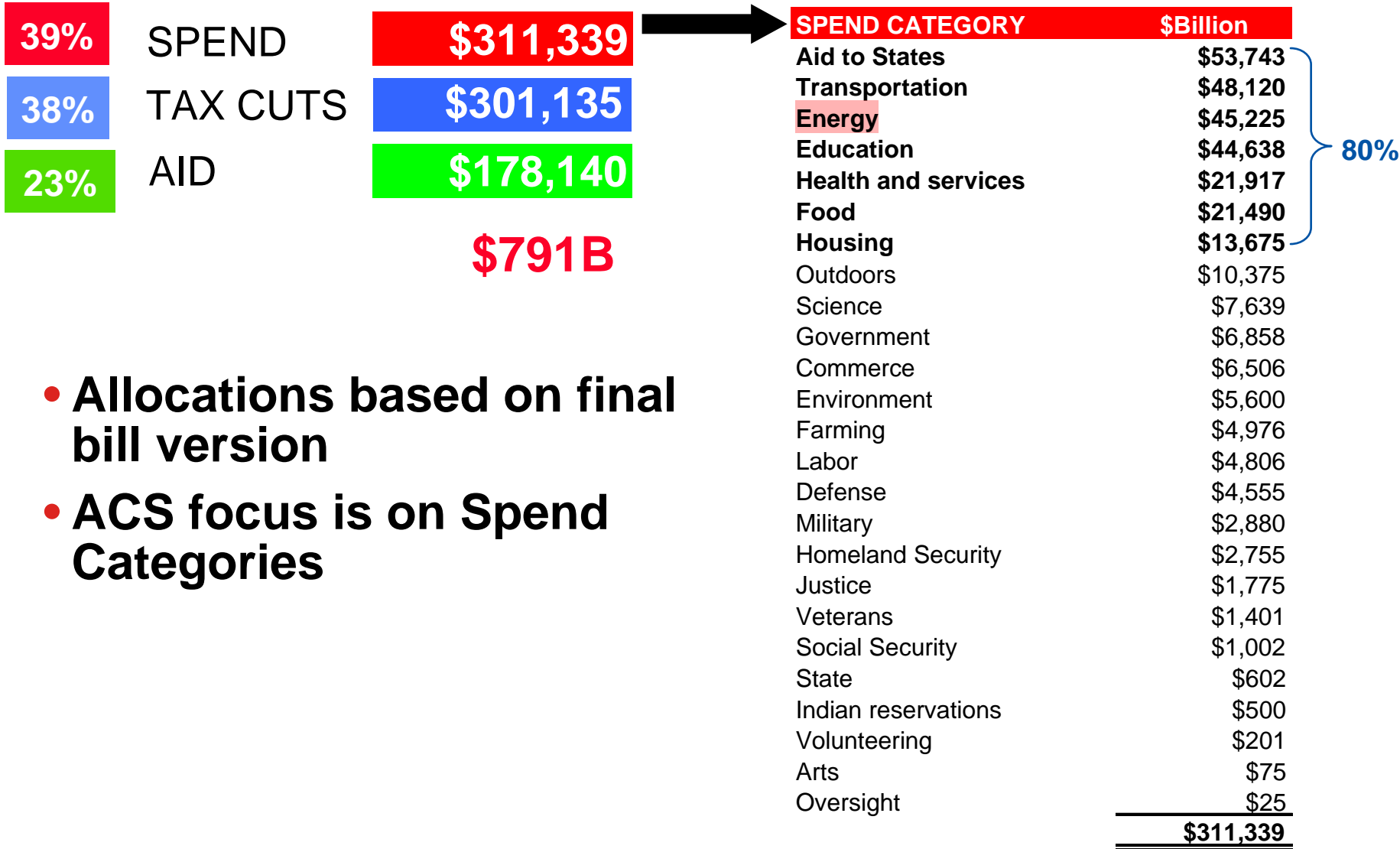
- **\$463B** in spending for transportation and infrastructure upgrades and construction, health care programs, education assistance, housing assistance and energy efficiency upgrades.
- **\$326B** in personal and business tax breaks and tax provisions affecting payments to the states.
- President Obama's goal is to spend at least **75% of the package in the first 18 months** following passage.
- Complete accountability and transparency on how all funds are spent at **www.recovery.gov**.

Key ACS Initiatives

- Energy efficiency upgrades to federal buildings, and DoD and military facilities
- Funding for research, development, demonstration and deployment of renewable energy and energy efficient activities.
- Technology and Loan Guarantee Program (DOE)
- Fossil Energy
- Smart Grid
- ARPA-E (advanced research projects)
- Weatherization Assistance Program (WAP)
- **State Energy Program**
- Energy Efficiency and Conservation Block Grant Program
- Energy Efficient Appliance Rebate Programs
- Green Jobs

AARA Stimulus Package – Spend

How is the AARA allocated?



- Allocations based on final bill version
- ACS focus is on Spend Categories

Areas of focus for Commercial Building Controls

- **Aid to States – Schools Modernization - \$7.4B**
- **DOE - Local government Energy Efficiency Block Grants - \$6.3B**
 - **State Energy Program - \$3.1 billion**
 - **Energy Efficiency and Conservation Block Grant - \$3.2 billion**
- **GSA – Federal buildings - \$5.5B**
- **DOD – Energy Efficiency - \$3.8B**
- **Waste Water Treatment Facilities - \$6.4B**
- **DOD - Medical facilities - \$1.7B**
- **Public Housing Capital Fund - \$4 B – State**
- **VA medical Facilities - \$1B**
- **DOD - Troop Housing - \$.3B**
- **Modernization of Electrical Grid - \$4.4B**

Action: Engaging with Fed, State, Munis

	State Energy Program	State Efficiency Grants	Total
California	\$224,485,000	\$338,481,741	\$562,966,741
Texas	\$215,407,000	\$224,020,223	\$439,427,223
New York	\$125,786,000	\$179,480,633	\$305,266,633
Florida	\$125,013,000	\$168,780,499	\$293,793,499
Illinois	\$103,049,000	\$118,806,845	\$221,855,845
Pennsylvania	\$100,783,000	\$114,632,681	\$215,415,681
Ohio	\$97,915,000	\$105,770,497	\$203,685,497
Michigan	\$83,759,000	\$92,118,684	\$175,877,684
Georgia	\$82,340,000	\$89,193,277	\$171,533,277
North Carolina	\$76,422,000	\$84,926,602	\$161,348,602
New Jersey	\$74,832,000	\$79,956,169	\$154,788,169
Virginia	\$70,427,000	\$71,543,343	\$141,970,343
Indiana	\$68,862,000	\$58,722,074	\$127,584,074
Washington	\$60,750,000	\$60,309,951	\$121,059,951
Tennessee	\$62,497,000	\$57,231,146	\$119,728,146
Massachusetts	\$55,774,000	\$59,837,940	\$115,611,940
Arizona	\$54,685,000	\$59,858,319	\$114,543,319
Missouri	\$57,287,000	\$54,438,298	\$111,725,298
Louisiana	\$69,315,000	\$40,617,773	\$109,932,773
Wisconsin	\$55,909,000	\$51,826,356	\$107,735,356
Maryland	\$52,734,000	\$51,878,201	\$104,612,201
Minnesota	\$54,452,000	\$48,073,123	\$102,525,123
Alabama	\$55,089,000	\$42,930,119	\$98,019,119
Colorado	\$49,065,000	\$45,486,053	\$94,551,053
Kentucky	\$52,334,000	\$39,314,270	\$91,648,270

- **States**

- Identify ACS leaders to have conversations with State Congress where we have large HON footprints.
- Key Messages: Total ACS Energy Portfolio, Impact to jobs, Energy Efficiency Impacts
- Support: Prepare a collateral package of key offerings and HON overview and key points

DOE Sponsored State Energy Program - \$3.1 billion

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Description

- State funding
- Funds projects such as LED lights, buildings retrofits, LEED program, renewable energy projects, performance contracts, revolving loans, etc. CA spend description:
 - Implementing building, industrial and transportation energy efficiency programs
 - Expanding distributed generation, renewable energy and public education programs
 - Conducting any activity to improve energy efficiency, increase use of renewable energy or increase energy efficiency and economic development.
- Appears to be largely for commercial buildings
- Typically 20% cost share, but with ARRA, no cost share; also, can spend 100% on capital (used to be 50%)
- States need to balance between creating jobs now vs. sustaining programs
- States required to send full plan by 5/12/09
- Funding release - 10% will be provided upfront, 40% upon submission of plan, could be released by mid-June if they are compliant to guidance
- Plans expected to come in quickly, funding to be approved as soon as plans are made available

Offerings- HVAC Controls & Building Supervisor, Electronic Thermostats, Sensors (Temp., Humidity, CO2, Occupancy), Variable Frequency Drives, Economizers, Actuators, Dampers

MOI – Approximately \$250M for Controls

Actions

- Help contractors prepare better to be included in the state's project shortlist to Fed by May 12
 - should target key overall goals such as jobs created, energy savings, GHG reduced – state goal is to reduce per capita energy consumption by at least 25 percent of the State's 1990 per capita energy use by 2012
 - Recast marketing collaterals to above needs so contractors can pass it on to state official
 - Ask them to contact the State Energy Office to request their projects to be included in Annual Plan submission
 - Update collaterals on LEED for all brands

State Grants - Details

- DOE encourages plans that achieve a high degree of leveraging, and/or projects that extend the impact of the funds
- Priority Uses of Funds
 - Establishment and enforcement of energy efficient building codes and standards, and implementation of voluntary programs that impact new design.
 - Loans, grants and incentives for energy efficiency and renewable energy measures.
 - Building retrofits
 - Traffic signal synchronization and replacement with LEDs.
 - Industrial retrofits.
- **SEP Performance Metrics for assessment** - jobs created, energy (kwh/therms/gallons/BTUs/etc.) saved, renewable energy installed capacity and generated, GHG emissions reduced (CO2 equivalents), energy cost savings, funds leveraged
- Salient points
 - States apply for grants - allocations range from \$226 million to California to \$18 million to American Samoa.
 - States must submit an initial application package by 3/23, and a comprehensive application package by 5/12
 - Package includes the Annual Plan which details the specific projects to be funded under this grant
 - **Reporting energy savings is a key part of this process and provides HON advantage**
- Process
 - Grants must be requested through the FedConnect portal. Each state must obtain DUNS number and must register with CCR (Central Contractor Registry). FedConnect system is geared toward government contractors, however, DOE is asking government entities to register in the CCR. Honeywell can offer to assist the State Energy Office in the FedConnect registration process.
 - DOE EECGB website providing details on the registration and grant submission processes: http://apps1.eere.energy.gov/wip/block_grants.cfm
 - Register for a DUNS: <http://fedgov.dnb.com/webform/displayHomePage.do>
 - Register with the CCR: <http://www.ccr.gov/>
 - CCR User's Guide – very helpful step by step directions: <http://www.ccr.gov/Handbook.aspx>

DOE Sponsored EECBG - \$3.2 billion

Description

- State funding
- No history, brand new program. Check www.eere.energy.gov
- To help state and local governments make investments that make them more energy efficient and reduce carbon emissions
- Breakdown of \$3.2B
 - \$2.2B or 68% to local government, counties, cities, and towns
 - \$900M or 28% to state energy offices
 - \$100M or 4% for competitive grants, tribes (we heard from DOE - \$400M in competitive solicitation)
- Funding over 2-3 months
- Guidance on program coming soon

Offerings - HVAC Controls & Building Supervisor, Electronic Thermostats, Sensors (Temp., Humidity, CO2, Occupancy), Variable Frequency Drives, Economizers, Actuators, Dampers

MOI – Approximately \$250M

Actions

- Same as SEP – same officer as SEP is believed to be managing this funding as well
- Target counties and local governments with the action items
 - Likely to require assistance in seeking grants through FedConnect. This announcement estimates it will take 10 days to complete the FedConnect registration process, while the DOE EECGB website estimates the registration process takes 21 days

Actions to Capture ARRA Funding

- **What can you do?**
 - **Get contractors and distributors setup with DUNS and CCR (No Cost)**
 - **Revisit existing relationships at State, and Local public facilities**
 - **Dust off old bids and estimates for public jobs and renew contacts**
 - **Participate in weekly Honeywell Stimulus webcasts**

- **Honeywell Support**
 - **Develop ARRA Field Navigation Guide**
 - ◆ Process maps
 - ◆ Documentation samples
 - ◆ FAQ's
 - ◆ Guidance for States
 - ◆ Guidance for key Verticals
 - ◆ Guidance for Dodge and Reed job reports

 - **Complete ACS Energy Efficiency and Conservation Brochure**

 - **Maintain and expand the customer.honeywell.com/stimulus website**
 - ◆ Key Links (ex. DOD job list in pivot table format, GSA job list)
 - ◆ FAQ's
 - ◆ Job List pivot tables

 - **Support weekly stimulus webcast**

 - **Push job data onto salesforce.com**