



May 9, 2011

Ms. Michelle Moore
Federal Environmental Executive
Council on Environmental Quality
Executive Office of the President
Washington, D.C. 20503

RE: Input on the “Race to the Green” Initiative

Dear Ms. Moore:

The National Association of State Energy Officials (NASEO), representing the 56 State and Territory Energy Offices, the U.S. Green Building Council (USGBC), and ICLEI USA are pleased to submit these comments regarding President Obama’s “Race to the Green” initiative. Our organizations commend the Administration’s emphasis on state and municipal governments as drivers for change in the commercial building retrofits market and supports the initiative’s objective of awarding grants to state and municipal governments who are actively seeking to streamline regulations and attract private investment for commercial retrofit projects.

This initiative builds upon the activities of states in implementing commercial building retrofit initiatives launched under the U.S. State Energy Program, which includes state-based institutional retrofit programs. With the real world experiences of these existing programs as a foundation, NASEO, USGBC, and ICLEI respectfully submit the following recommendations:

1. Since every state has a unique regulatory and policy environment, evaluation should be based on progress from each applicant’s own baseline, rather than applying one uniform standard to all states and municipalities. This will ensure more equal opportunity and participation for interested state and municipal governments.
2. Rather than a few large awards, somewhat smaller awards should be made from the proposed \$100 million funding pool, to ensure that more state and local governments can participate and benefit. For instance, rather than 5 awards of \$20 million each, “Race to the Green” should disburse 20 awards of \$5 million each.

3. Selections should be made to ensure a diverse portfolio of approaches. In Federal contracting parlance, “program policy factors” should include geography, climate zones, existing levels of sophistication, innovative concepts, leveraging, and wide-ranging partnerships.
4. Vertically integrated efforts at the state level, maximizing state and local collaborative efforts, should be encouraged in the solicitation and should be a significant factor in the selection criteria. In order to facilitate multi-jurisdictional efforts in one proposal, the actual Funding Opportunity Announcement should explicitly provide
that only one entity needs to submit the complete application, if prepared on behalf of multi-cooperating parties, with only the submission of letters of support to be appended to the actual proposal being submitted.
5. The present economic climate has served to demonstrate that owners and investors in the commercial real estate market are focused on the short-term rather than long term stability and returns. Proposals which include multiple funding sources, encourage collaboration between public and private institutions and leverage “patient capital” investment, in order to emphasize long term strategic planning and a longer term strategic approach to energy efficiency and planning.
6. Energy efficiency financing programs have expanded dramatically in recent years. Programs that utilize innovative approaches such as public credit enhancements in the form of loan loss reserves that engage private financial institutions or other mechanisms, utility on-bill repayment activities, Qualified Energy Conservation Bonds, etc. should be specifically mentioned as elements to be encouraged.
7. Green leasing programs should be encouraged by seeking proposals that address the "split incentives" or principal/agent problems inherent in present commercial leases, by enhancing efforts to make tenants aware of energy costs and attempting to standardize approaches within a state.
8. The program should permit applications to be considered in both private commercial buildings and public institutional buildings (the so-called "MUSH" market). In the case of public institutional buildings, work with energy service companies that have ready access to private capital should also be encouraged. Moreover, applications that support energy efficiency retrofits in smaller MUSH organizations, where the available energy savings cannot fully support an energy performance contract, should be permitted. We recognize that private commercial real estate, where energy performance contracting has yet to be fully embraced, should be targeted.
9. Reports from the Energy Information Administration (“State Level Energy Data Needs Assessment”) and the American Council for an Energy-Efficient Economy (“Where Have All the Data Gone? The Crisis of Missing Energy Efficiency Data”) conclude that governmental entities and businesses rely on quality energy data for guiding investments and evaluating results and that current data collection and dissemination mechanisms do not supply adequate data for this type of planning and assessment to occur at a local level. The program should encourage innovative approaches to providing advanced building energy use benchmarking and data driven retrofit potential analyses at the local level to

enhance the ability of private capital to evaluate proposed commercial retrofit projects prior to investing.

Thank you for your consideration of these recommendations.

Best regards,

A handwritten signature in blue ink, appearing to read "D. Terry".

David Terry, Executive Director
National Association of State Energy Officials

A handwritten signature in black ink, appearing to read "Jason Hartke".

Jason Hartke, Vice President of National Policy
U.S. Green Building Council

A handwritten signature in black ink, appearing to read "M. Chavez".

Martin Chavez, Executive Director
ICLEI USA

cc:

Henry Kelly, Acting Assistant Secretary and Principal Deputy Assistant
Secretary, Office of EERE, U.S. DOE

Kathleen Hogan, Deputy Assistant Secretary for Energy Efficiency, U.S. DOE

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Monica Neukomm, Energy Technology Program Specialist, U.S. DOE

State Energy Directors