

**NASEO** National  
Association

of State Energy Officials



# Update on State Experiences with QECBS

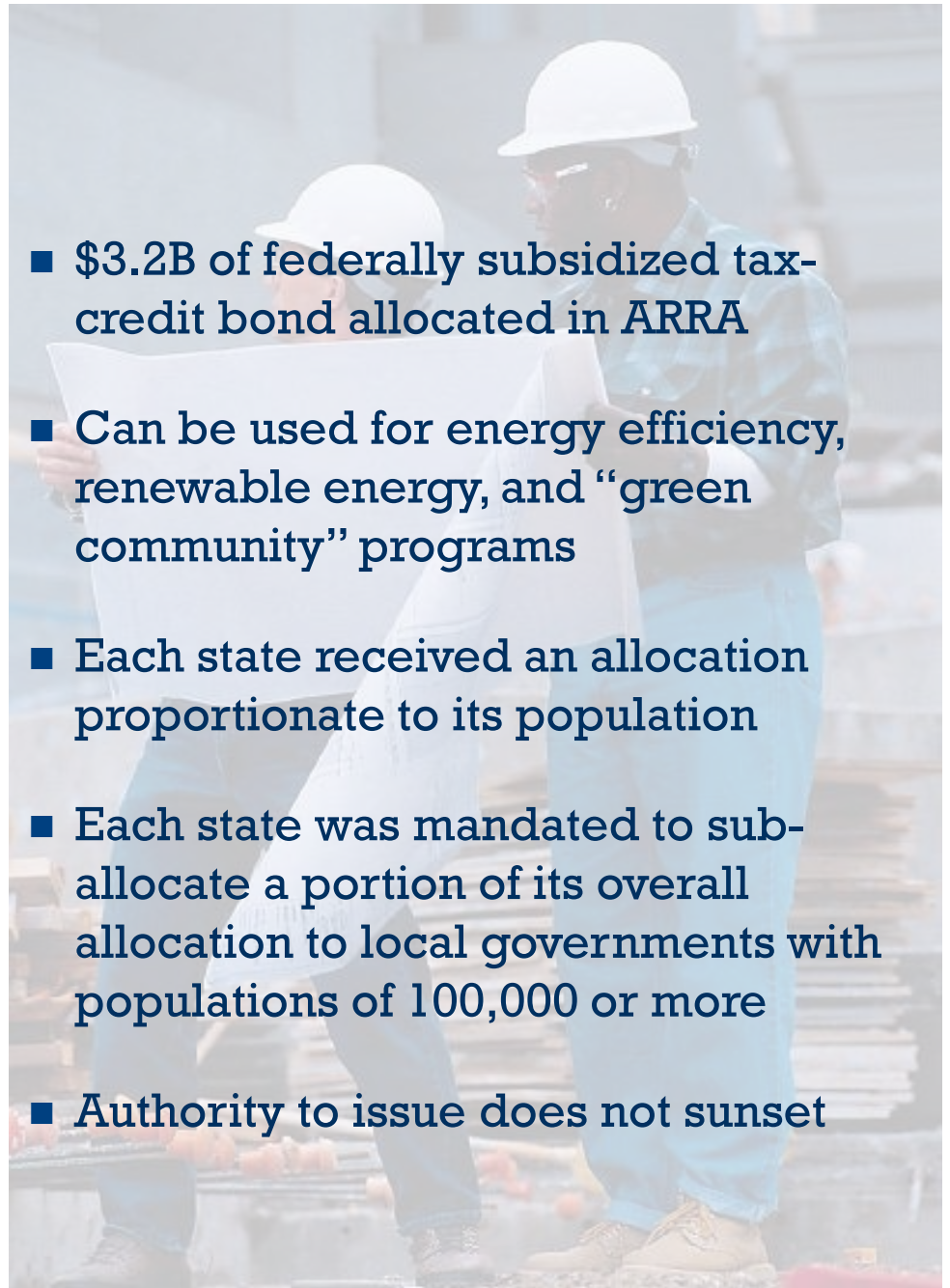
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NASEO-ASERTTI State Energy Technology & Policy  
Outlook Conference



## Qualified Energy Conservation Bonds (QECCBs) At-a-Glance

- \$3.2B of federally subsidized tax-credit bond allocated in ARRA
- Can be used for energy efficiency, renewable energy, and “green community” programs
- Each state received an allocation proportionate to its population
- Each state was mandated to sub-allocate a portion of its overall allocation to local governments with populations of 100,000 or more
- Authority to issue does not sunset



# + Need and Opportunity



- Of \$3.2 billion available, about \$637 million have been issued to date (about 20%)
- In a deficit-conscious federal legislative environment, all unused funds are at risk.
- QECBs present one strategy for state and local governments to continue energy efficiency projects as other federal funds are spent down.
- QECBs are flexible.



## NASEO-EPC Partnership

- Main goals:
  - Help state and local governments better utilize QECCBs
  - Maintain federal funding for QECCBs
- Partnership activities include:
  - Gather more complete information about state and local issuances and intended uses for QECCBs to date
  - Identify common barriers at the state and local levels
  - Characterize state and local approaches to addressing barriers
  - Develop recommendations for action at the federal, state and local levels
  - Improve NASEO and EPC assistance and outreach efforts to states



# Outreach Efforts and Results

- Reached out to all 56 State and Territory Energy Offices
- Interviewed more than 12 state and local governments
- Captured information on state and local issuances, intended issuances, and waived funds available to states

- Over \$637M issued
- Approximately \$135.5m additional in the pipeline
- Approximately \$2.4B remain
  
- Over 98 projects completed
- Close to 80 of those projects were state issued or state-enabled



## Barriers from the Field

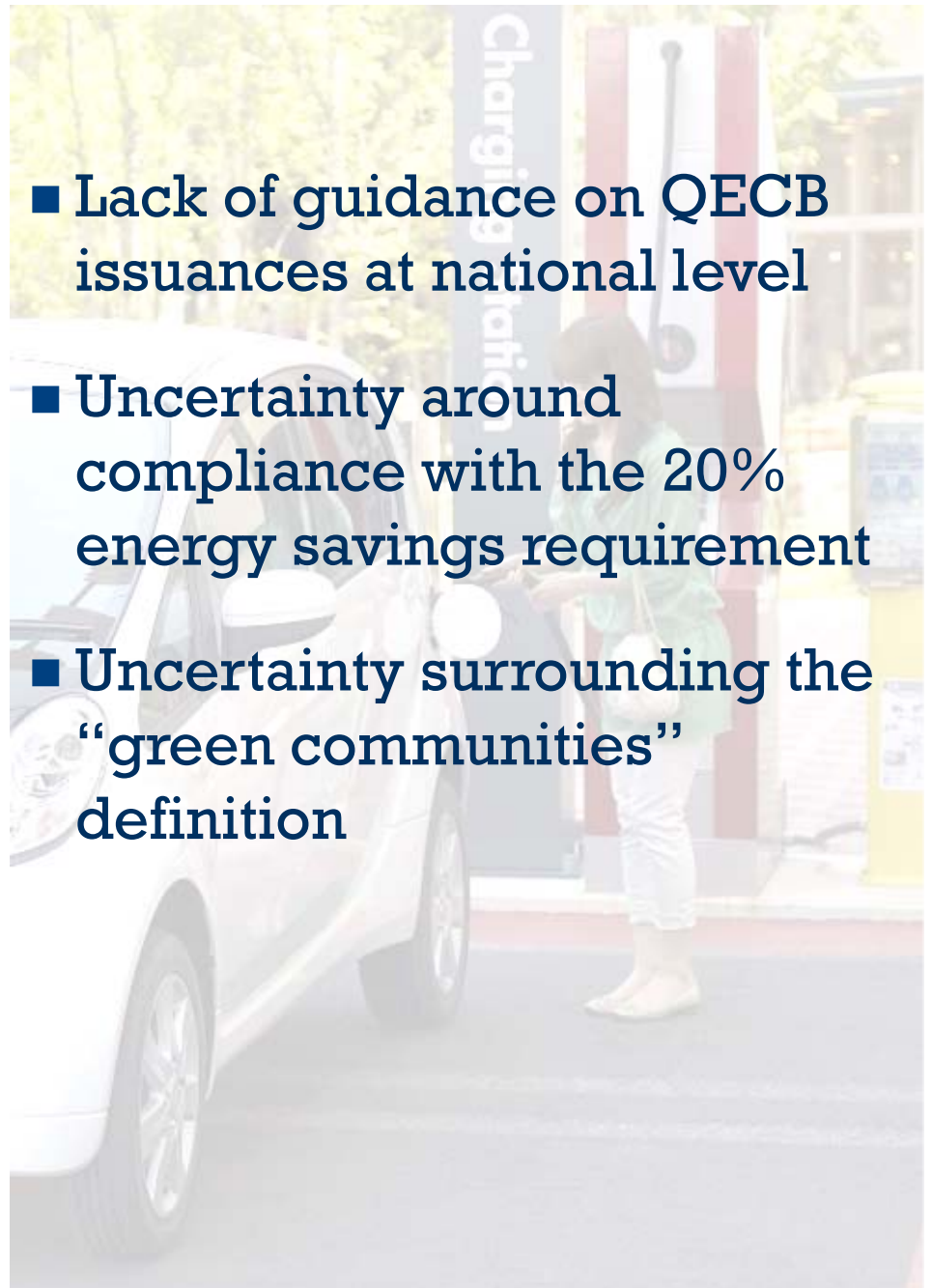
- Small allocation sizes and transaction costs
- Debt aversion in weak economy
- New mechanism and lack of familiarity
  - Lack of energy expertise or bonding expertise
- Lack of ready projects in the pipeline





## Barriers, continued

- Lack of guidance on QECB issuances at national level
- Uncertainty around compliance with the 20% energy savings requirement
- Uncertainty surrounding the “green communities” definition



# + State Success Stories

- Kansas has used 100% of its \$29 million allocation.
- Other state leaders include Kentucky (93 percent), South Dakota (79 percent) and California (71 percent).
- 24 states have successfully utilized small allocations (\$1-2 million).  
10 issued less than \$1 million, including:

Champaign County, IL (\$120,000 for school improvements)

Town of Gill, MA (\$127,500 for 20% energy savings project)

South Euclid, OH (\$386,000 for 20% energy savings project)



# + Response to Barriers



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- In response to the CEDC petition, 12 members of Congress signed a letter to the President urging additional guidance on QECBs
  - EPC technical assistance resources
  - NASEO Financing Task Force and State Energy Financing Resources
  - Future Activities/Resources? –Seeking state input!
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Thank you!

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