



STATE OF CONNECTICUT
Office of Policy and Management

February 2, 2010

DOE Desk Officer
Office of Information and Regulatory Affairs
Office of Management and Budget
New Executive Office Building, Room 10102
725 17th Street, N.W.
Washington, DC 20503

Frank Norcross, EE-2K
U.S. Department of Energy
1000 Independence Ave, S.W.
Washington, DC 20585-1290

**RE: EECBG Program Notice 10-01, SEP Program Notice 10-XX, Monthly
Reporting Requirements Guidance**

Dear Mr. Norcross:

I am writing to express concerns regarding EECBG Program Notice 10-01 and SEP Program Notice 10-XX which propose to require monthly reporting requirements for prime recipients and sub recipients under these programs. The State of Connecticut, Office of Policy and Management is the prime recipient for these ARRA programs with awards of \$9.6 million (EECBG) and \$38.5 (SEP).

There are several concerns I have regarding this proposed change to monthly reporting. Foremost is the increased administrative burden that such reporting will require not only at the State (prime recipient) level, but also at the sub-recipient level. Reporting, particularly accurate reporting requires administrative effort to be made at all levels. This administrative burden was not described by DOE in their funding announcements for these programs, and therefore has not been built into ours nor any sub-recipient's budgets for the expenditure of these funds. A change of this sort may necessitate sub-recipients to request budgetary changes, which in turn will require DOE approval. The end result will be further delays in getting these programs implemented.

I am also concerned about the precedent that such a change in reporting establishes. With all the ARRA programs, there have been both formal and informal changes to programs provided after the official funding announcements were promulgated. In many instances the rules have changed after the State has submitted and received DOE approval for their

applications. This additional guidance has resulted in delays in program implementation. The clear message being sent to State Energy Office's and sub-recipients is that going forward caution should be exercised as DOE does not have a clear understanding of what programmatic rules they want to establish.

I can appreciate the desire to have accurate reporting and timely implementation of federal programs. This is a goal in the Connecticut Energy Office as well. However, frequency of reporting does not equate to accuracy of reporting. My experience has been that mandating more frequent reporting often results in less accurate information being presented. The current requirement for quarterly reporting, a well-established federal grant requirement, is more than sufficient to provide DOE with the required data they need to monitor program implementation parameters. The current reporting regimen provides sufficient transparency and accountability at both the federal and state levels.

I am also concerned that this proposed change sends the wrong message to recipients at all levels. What is clear to me in this proposed change is that reporting is more important than the programmatic and policy objectives outlined by DOE in their funding announcements. Both of these federal programs come with established policy goals. These goals are being jeopardized by putting so much emphasis on reporting. As my staff often hears – “we can do or we can talk about doing”. I suggest that the time is for us to “do” not “talk”.

I am providing additional comments below as this reporting change has specific impact on Connecticut's implementation of the SEP and EECBG programs.

SEP

Connecticut was one of the first states to submit their SEP application to DOE. Pursuant to that application, this office has fully committed 100% of the SEP grant to our sub-recipients. With the exception of one program, all of the programs that are being supported by this federal grant are “active” and providing benefits to the intended consumers. Our application, and our sub-recipient programs, was predicated on the DOE funding announcement issued last spring. Our application did not envision having to bear the increased administrative cost of complying with monthly reporting. As a result, if this change is implemented, it would not be unreasonable to expect that both the State Energy Office and our sub-recipients will seek budget and program changes to account for this administrative burden. This will result in the reduction of program dollars available for actual energy projects which will be reflected in reduced metrics goals and actual energy efficiencies achieved under the grant.

According to DOE, Connecticut is not expected to transition to the PAGE reporting system until sometime later this year. Under the proposed guidance, it is unclear whether DOE will require us to be simultaneously reporting quarterly in the WINSAGA system while reporting monthly in the PAGE system. The mechanics of implementing the proposed guidance does not appear to be well thought out.

EECBG

Connecticut was also one of the first states to submit its application to DOE for the EECBG program. In our case, we opted to mimic the approach taken by DOE in its funding announcement by allowing each municipality to apply to the State for a pro-rata allocation of our \$9.5 million federal grant. As a result, the Connecticut Energy Office will be awarding 142 sub-recipient grants under EECBG. These grants range from \$29,000 to \$108,000 depending on the population of the municipality. In an effort to maximize the impact these dollars will have on energy projects, we have not allowed municipalities to use EECBG funds for administrative purposes. Similarly, at the state level we have not allocated any of the EECBG funds for administrative purposes.

Implementation of the proposed reporting changes will have a significant impact on both the State and the municipalities receiving grants under this program. Administrative burden in complying with the reporting requirement, had it been known when the state made application to DOE, could have been built into the program. A change at this time will cause delays in getting these grants in place and policy goals being met.

Perhaps ironically, Connecticut received DOE approval of our NEPA Categorical Exclusion request on the same day that this proposed reporting change was announced. Having received the necessary NEPA approvals, this office had planned on issue the sub-recipient grants to municipalities beginning this week. As a result of the proposed changes in reporting, we must now delay those grants. We are faced with waiting until DOE and OMB announce their final reporting requirements, or issue grants knowing that changes will need to be incorporated in the future. In either case, there is both an administrative cost and a programmatic delay.

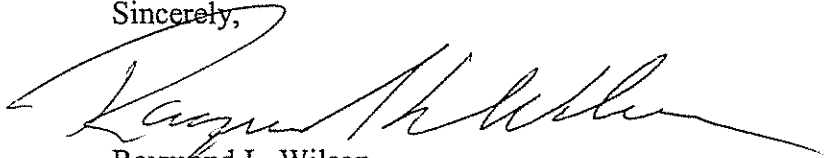
I specifically ask that OMB and DOE clarify in its guidance how the implementation would work from the State perspective as opposed to the recipients receiving grants directly from DOE under this program. Under the funding announcement for this program, State Energy Offices are required to sub-grant their federal award to municipalities not receiving direct EECBG grants from DOE. The proposed guidance clearly exempts grantees of \$2 million or less from compliance. Connecticut as a recipient of a federal grant of \$9.5 million is therefore subject to compliance. This sets up the perverse requirement that the smallest towns and cities in Connecticut (the state's sub-grantees) will be required to comply with monthly reporting, while the larger population centers are not subject to similar requirements. This places an unfair burden on our smallest towns that should be addressed should OMB and DOE move forward with this proposed change.

The Connecticut Energy Office has made a considerable effort in implementing these programs in a timely fashion. In both the SEP and EECBG programs we have made every effort to distribute the ARRA funds to provide the timely stimulus for which they are intended. Any delays experienced are a direct result of changes being made after the fact by DOE. This office will continue to work with DOE and our sub-grantees to expedite the expenditure of the ARRA funds. However, such expenditures must be made

within the context of the parameters imposed by both DOE and the state. Continued changes at the federal level will add administrative burden and delay program implementation – outcomes that I do not believe are in the interest of the State nor the federal government.

Thank you for the opportunity to comment on this proposed guidance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Raymond L. Wilson', with a long, sweeping horizontal line extending to the right.

Raymond L. Wilson
Director, Energy Research & Policy

Cc: Teresa Jones, Project Officer, DOE
David Ross, Project Officer, DOE