

PROGRAM DESCRIPTION

Department of Natural Resources

HB Section(s): 6.340, 6.345

Division of Energy

Program is found in the following core budget(s): Energy

1a. What strategic priority does this program address?

The Division of Energy helps Missouri citizens thrive by managing natural resources to promote a healthy environment and economy by:

- Promoting environmental responsibility and resource stewardship.
- Enhancing services, information, and communication to improve customer experience.
- Modernizing infrastructure, strengthening workforce, and supporting economic development.
- Improving internal processes to better serve our customers.
- Planning for current and future energy needs by engaging stakeholders in the ongoing State Energy Plan process.

1b. What does this program do?

The Division of Energy assists in finding funding for energy improvements, provides opportunities to Missourians to advance the efficient use of energy resources to drive economic growth, provide for a healthy environment, and achieve a better Missouri for future generations and educates Missourians about cost-effective uses of energy resources.

- The Division offers a revolving loan program primarily to public K-12 schools, public universities and colleges, public and not-for-profit hospitals, and local governments to implement energy efficiency projects and renewable energy generation systems that lower utility bills while enhancing workplace or educational environmental quality and comfort, improving productivity, and encouraging job growth.
- The Division implements the federal Low-Income Weatherization Assistance Program, which provides funding and training to eighteen subrecipient agencies to weatherize residences of income-eligible Missourians. Weatherization measures increase energy efficiency and improve client safety and comfort while reducing their utility burden.
- Key Division activities also include:
 - Engaging with energy providers and stakeholders to determine Missouri's future energy needs;
 - Researching and sharing information on grant and other funding opportunities for energy-related projects;
 - Working with state agencies to increase the energy efficiency of state facilities and fleets;
 - Participating in emergency response and recovery activities to prepare for energy emergencies and ease energy supply disruptions;
 - Appearing in energy-related regulatory cases to promote energy supply affordability, reliability, and diversity as well as in-state resource development; and,
 - Certifying renewable energy resources, energy-efficient homes, and energy efficiency auditors.

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2a. Provide an activity measure(s) for the program.

DIVISION OF ENERGY CONTACTS

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Energy Technical and Information	423,962	471,090	336,945	343,684	350,558	357,570
Energy Loan Technical Assistance	179	163	197	207	218	230
Energy Loans Awarded	22	1	27	23	15	17
Individuals Served by Weatherization	3,051	2,854	2,390	4,245	4,245	3,000

- Energy Technical and Information Contacts include communications with clients from commercial and agricultural operations, utility companies and customers, private-sector consultants, energy developers, residential sector, industries, schools, colleges, universities, state and local governments, and hospitals.
- Energy Loan Technical Assistance is outreach directed at prospective loan clients and includes site visits, public presentations, display and informational booths at conferences, presentations at Regional Planning Commissions and Local Councils of Government, and marketing calls.

DIVISION OF ENERGY PASS-THROUGH FUNDING

	FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected
Energy Loan Program Funds Available	\$ 10,000,000	\$ 278,295	\$ 10,000,000	\$ 10,000,000	\$ 4,500,000	\$ 4,500,000
Energy Loan Program Funds Awarded (Base)	\$ 12,923,427	\$ 278,295	\$ 5,817,869	\$ 9,200,000	\$ 4,185,000	\$ 4,185,000
Energy Loan Program Funds Awarded (Stretch)	\$ 10,000,000	\$ 278,295	\$ 10,000,000	\$ 10,000,000	\$ 4,500,000	\$ 4,500,000
Weatherization Funds Distributed	\$ 11,914,322	\$ 11,528,983	\$ 11,079,823	\$ 19,682,585	\$ 14,500,000	\$ 14,500,000
Total Pass-Through Funding Awarded	\$ 24,837,749	\$ 11,807,278	\$ 16,897,692	\$ 28,882,585	\$ 18,685,000	\$ 18,685,000

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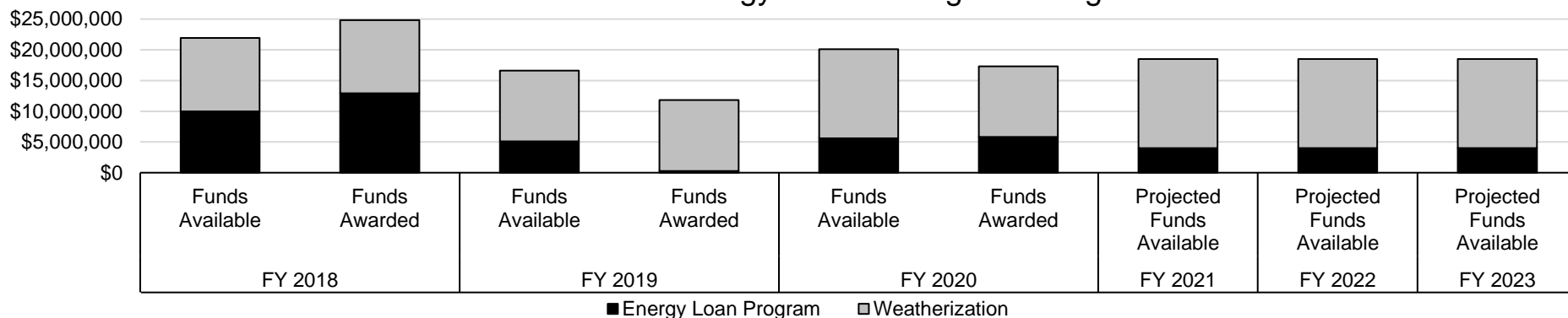
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2a. Provide an activity measure(s) for the program (continued).

Division of Energy Pass-Through Funding



Energy Loans:

- Primary client base includes public K-12 schools, public colleges and universities, state and local governments, and public or not-for-profit hospitals.
- The quality and number of applications received in FY 2018 exceeded expectations and additional resources from the unexpected early payoff of other loans in the portfolio were made available to fully fund eligible projects.
- The timing of the FY 2018 loan cycle did not allow for a formal cycle in FY 2019. One emergency loan was made during FY 2019.

Low-Income Weatherization:

- Clients include income-eligible homeowners, renters, and landlords.
- Low-Income Weatherization Funds Distributed includes both federal Low-Income Home Energy Assistance Program (LIHEAP) and federal Low-Income Weatherization Assistance Program (LIWAP) funding.

	FY <u>2021</u>	FY <u>2022</u>	FY <u>2023</u>
Energy Loans Awarded of Funds Available (Base)	92%	93%	93%
Energy Loans Awarded of Funds Available (Stretch)	100%	100%	100%
Low-Income Weatherization Awarded (Base and Stretch)	100%	100%	100%

Base Goal is estimated on calculated fund availability, historical trends, and increased marketing efforts to potential borrowers.

Stretch Goal is estimated as full expenditure of calculated funds available.

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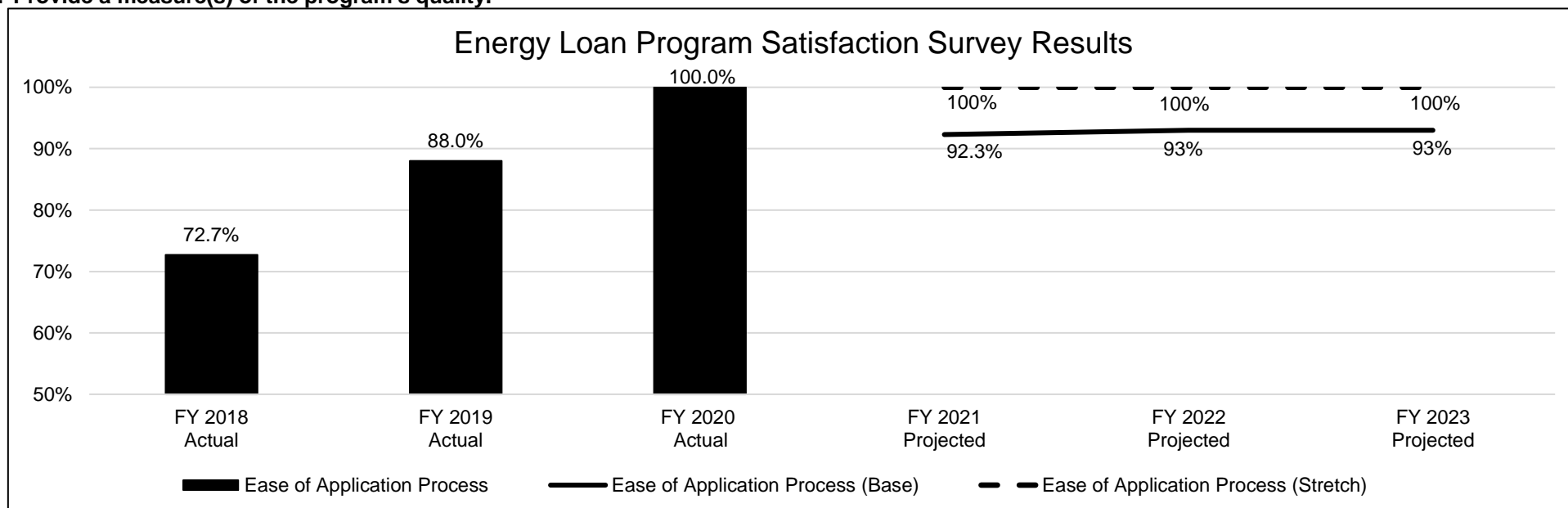
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2b. Provide a measure(s) of the program's quality.



The Division of Energy sends a satisfaction survey to each loan recipient. Not all recipients respond. There have been no loan defaults since inception of the program in 1989.

The Division of Energy revamped the Satisfaction Survey for FY 2020 in order to obtain more meaningful and actionable feedback from loan recipients. This Division has consistently received extremely positive feedback on overall customer satisfaction but one particular area of focus for the Division is to improve the ease with which potential clients can apply for loans.

The Division of Energy actively solicits survey participation but only received two Satisfaction Survey responses in FY 2020. Such responses are not mandatory.

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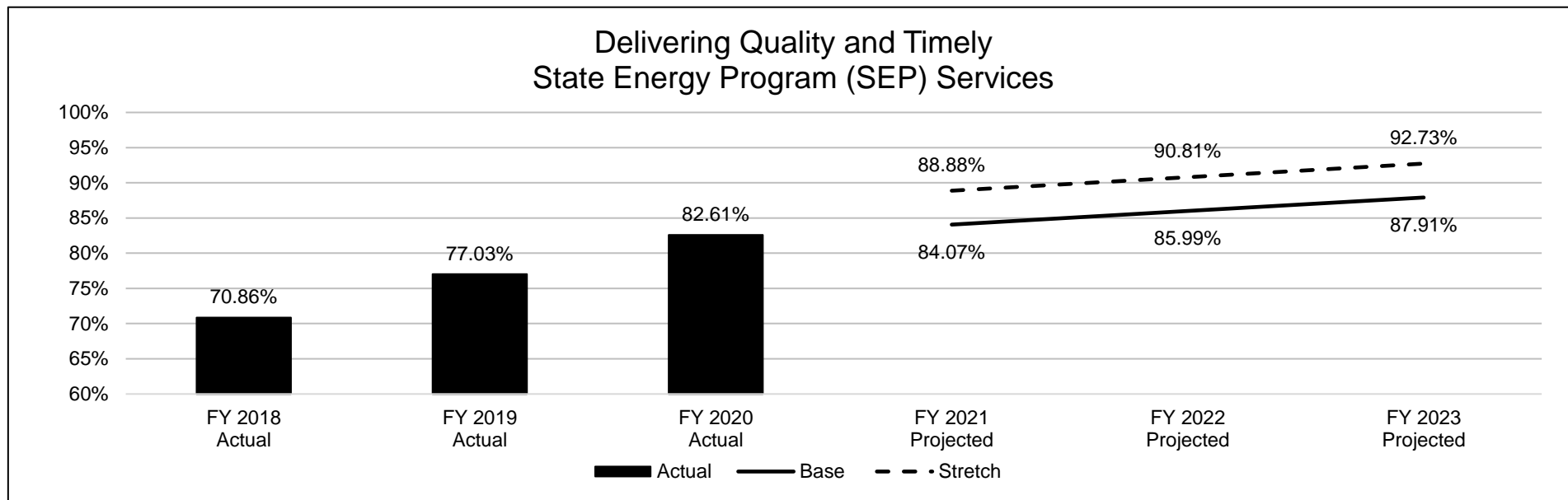
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2b. Provide a measure(s) of the program's quality.



This measure is based on the timeliness of certifications; responses to inquiries about energy services, infrastructure, and technologies; sharing notifications of funding opportunities; and providing valued training opportunities.

Timely certifications include those completed within 1-2 weeks for renewable energy resources and 5 business days for home-energy auditor applications. Notifications of funding opportunities include sharing requested information regarding U.S. Department of Energy grant and other funding announcements within 5 business days of an opportunity announcement. Training opportunity valuation is measured using positive ratings provided through attendee surveys following workshops, trainings, and other educational offerings.

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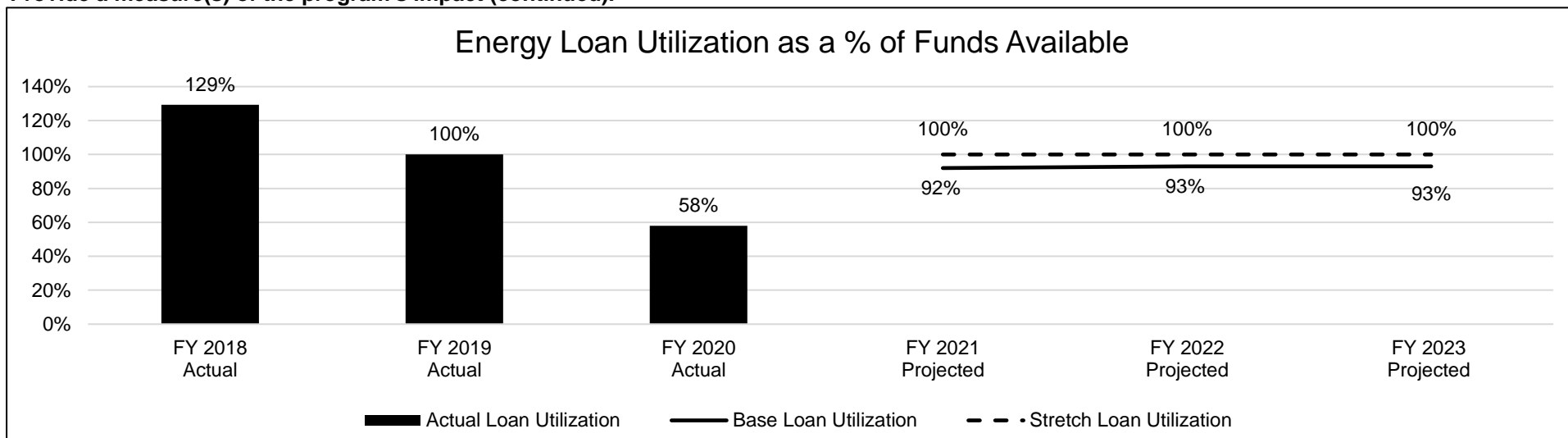
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Division of Energy

Program is found in the following core budget(s): Energy

2c. Provide a measure(s) of the program's impact (continued).



Utilization of the Energy Loan Program is a measurement of the actual loan amount awarded to borrowers compared to the amount of funds announced as available during the fiscal year. Available funds vary from year-to-year based on loan repayments and early payoffs.

Actual loan utilization was increased in FY 2018 as a large number of eligible applications were received. Additional funds became available due to the unexpected early payoff of other loans in the portfolio. Those funds supplemented the initial award amount.

Actual loan utilization decreased dramatically in FY 2020 due to the COVID-19 pandemic.

Base Goal - Increased loan utilization is expected to increase post-COVID due to enhanced marketing and outreach to potential borrowers.

Stretch Goal - Based on Energy Loan Program fully utilizing offered funds in FY 2021 – FY 2023. 100% utilization allows for the greatest investment in energy efficiency projects.

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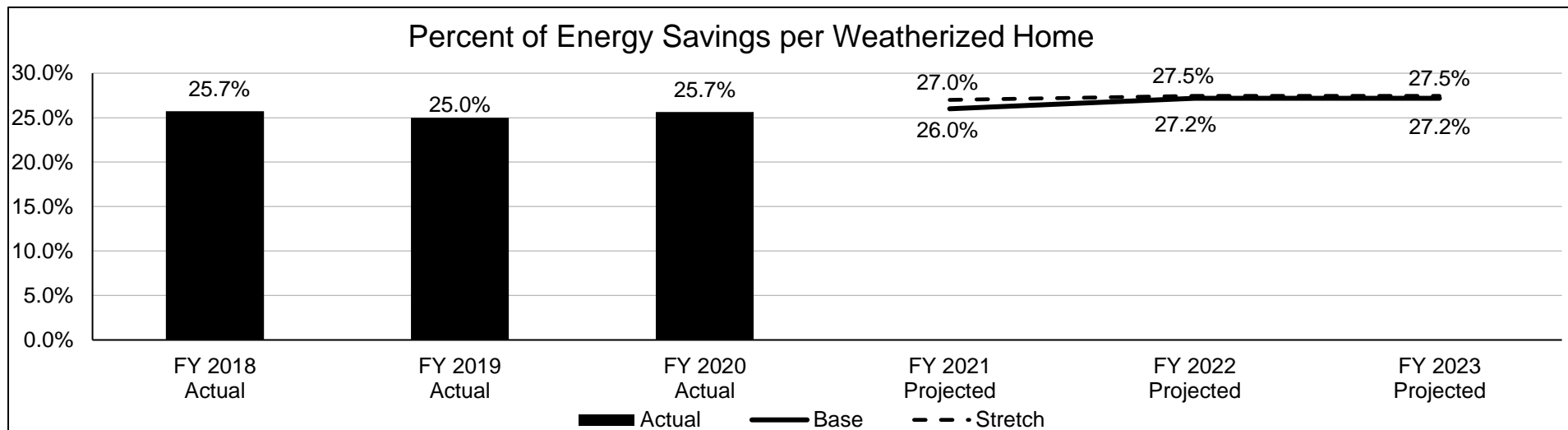
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2c. Provide a measure(s) of the program's impact (continued).



The Weatherization Assistance Program provides energy efficiency measures to eligible homes resulting in persistent energy savings for each client of approximately \$396.81 per year (based on computerized audits completed on each individual home weatherized in Missouri). The division encourages an increased number of cost-effective measures to be installed on each home to maximize energy savings. There were 1,057 residences weatherized in Missouri during FY 2020. Typical measures include, but are not limited to:

- Blower door test to identify sources of air infiltration
- Sealing leaks identified by the blower door test
- Installation of insulation in ceilings, walls, floors as indicated by testing
- Clean and tune and/or replacement of furnaces when required
- Checks of all combustion appliances to detect gas leaks, drafting issues, etc.
- Installation of ventilation fans as indicated by testing

Base Goal is to increase the initial first year energy savings on homes by installing additional weatherization measures.

Stretch Goal is to increase the initial first year energy savings on homes by installing all viable weatherization measures.

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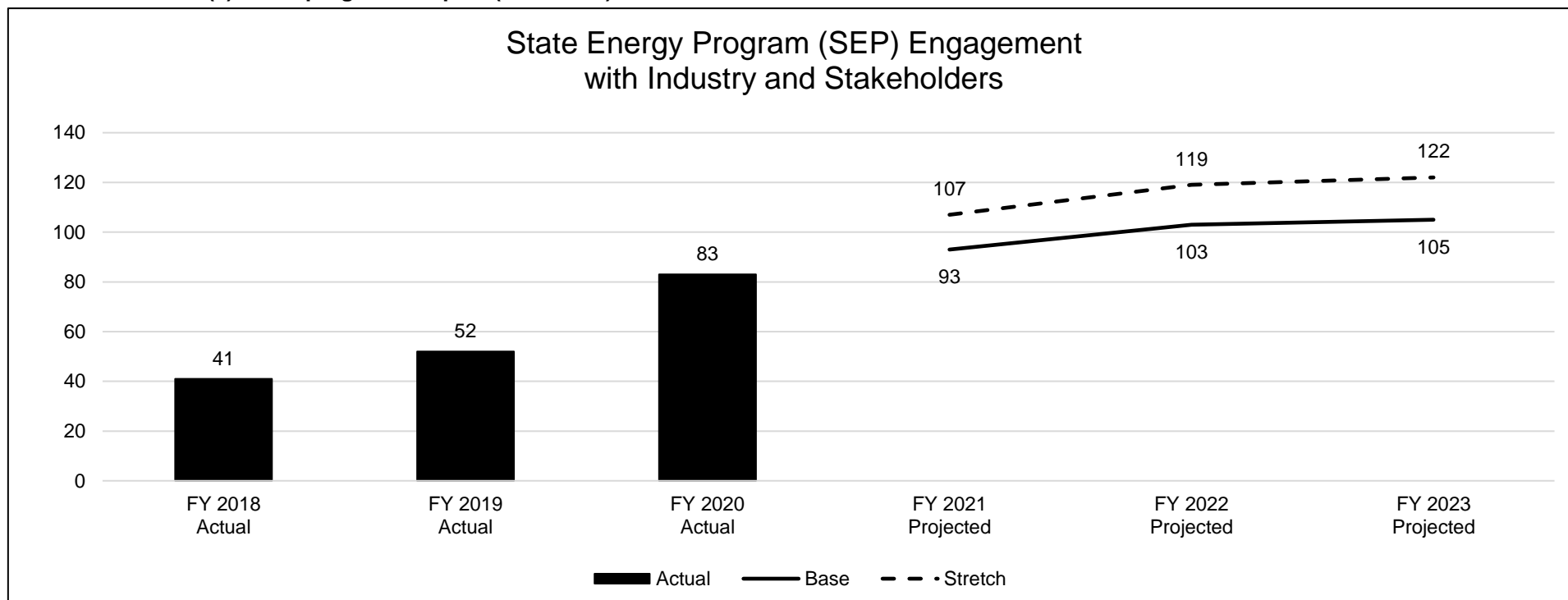
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2c. Provide a measure(s) of the program's impact (continued).



This measure reflects engaging with energy providers and stakeholders to identify Missouri's future energy needs, collaboratively achieving grant milestones, supporting and improving stakeholder initiatives, streamlining the Division's regulatory processes, and identifying energy-savings opportunities. Stakeholder engagement includes one-on-one interactions as well as collaboration with private- and public-sector partners to better meet identified goals.

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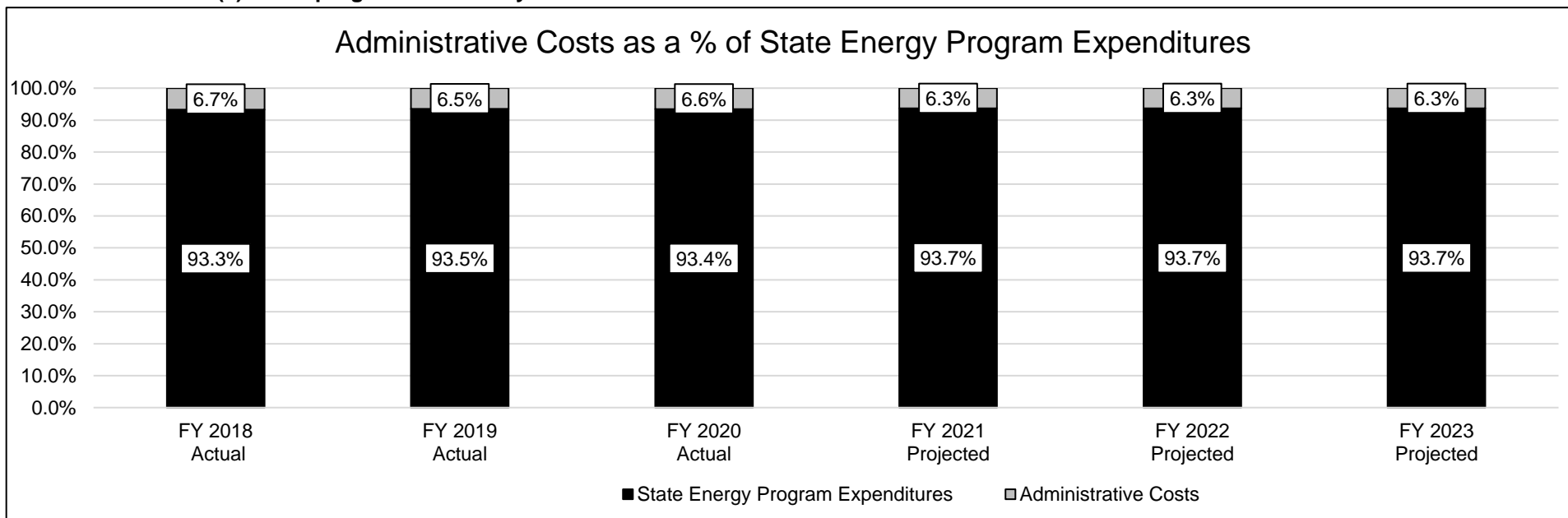
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2d. Provide a measure(s) of the program's efficiency.



The Division of Energy's fiscal staff provide administrative services to support programmatic activities of the State Energy Program. Services include, but are not limited to: grant applications, reporting and expenditure tracking; accounts payable and receivable processing; budgeting; and procurement.

The base goal of 6.3% and the stretch goal of 6.1% are based on steady funding levels and increased staff productivity due to software enhancements and skills gained through on-the-job training.

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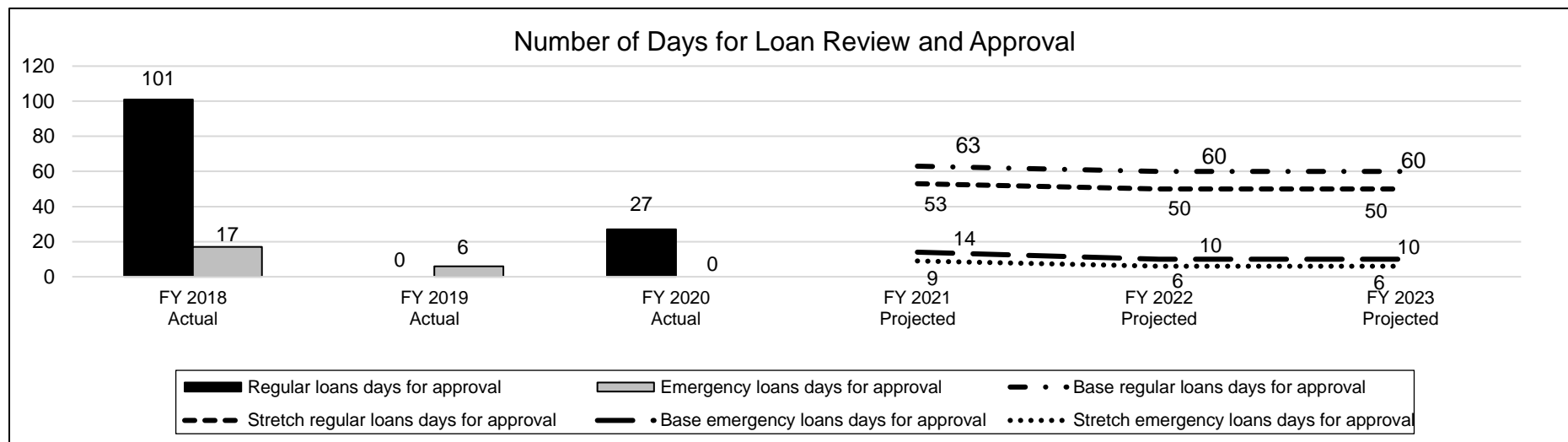
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2d. Provide a measure(s) of the program's efficiency (continued).



As per Energy Loan Program rules, the Division of Energy has 90 days after the application submission deadline to review and approve or disapprove loan requests. The deadline is extended if the Division of Energy requests additional information or clarification from the prospective borrower.

Energy Loan Program review includes receipt of a fully completed application with supporting documentation, evaluation by a Division of Energy Professional Engineer to ensure the estimates appear to be reasonable and the project feasible, and approval from the Department's chain of command to offer the loan.

For FY 2018, all but two loans were approved within 60 days. One borrower had difficulty providing necessary documentation in a timely manner. The second borrower required collateral as they were a not-for-profit hospital. The collateral was in the form of a Deed of Trust which took additional time due to legal reviews.

For FY 2019, there were no regular loans offered.

For FY 2020, there were no emergency loans.

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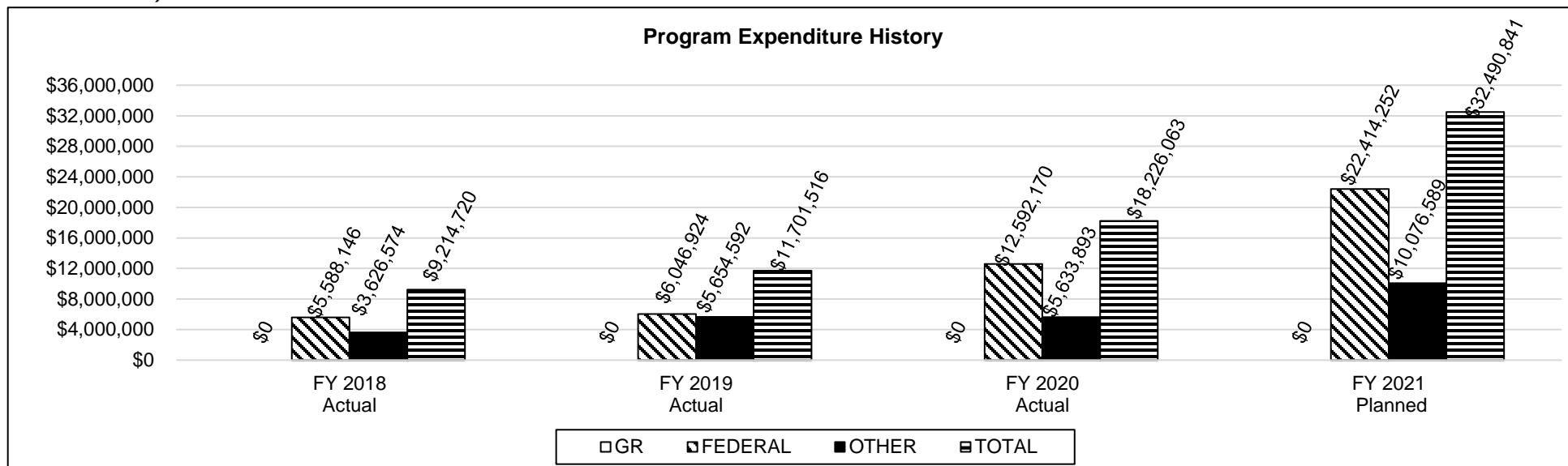
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)



Financial data includes operating and pass-through appropriations. Pass-through appropriations have been provided to allow for encumbrance and payment of our commitments, which often span multiple fiscal years causing high unexpended balances. Not included in the data above is appropriation authority of \$20,000,000 for encumbrance purposes only, which may lapse. Otherwise, FY 2021 Planned is shown at full appropriation.

Beginning in FY 2020, federal LIHEAP funding is appropriated in Division of Energy's budget.

The following table shows financial data for the budget units included in this form.

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
	Actual	Actual	Actual	Current	Gov Rec
Energy Operations (78210C)	1,782,330	1,968,456	1,737,492	2,868,177	2,731,127
Energy Efficiency PSDs (78220C)	7,432,389	9,733,060	16,488,571	29,622,664	29,497,664
Energy Efficiency Services Encumbrance	n/a - encumbrance authority must lapse			20,000,000	18,000,000
Total	9,214,719	11,701,516	18,226,063	52,490,841	50,228,791

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4. What are the sources of the "Other " funds?	
Utilicare Stabilization Fund (0134); Energy Set-Aside Fund (0667); Biodiesel Fuel Revolving Fund (0730); Energy Futures Fund (0935)	
5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)	
Section 620.010, RSMo, establishes the Department of Economic Development (DED) and its divisions. Per Executive Order 13-03, the Division of Energy was transferred by Type I transfer to DED on August 28, 2013. Per Executive Order 19-01, the Division of Energy was transferred by Type I transfer back to the Department of Natural Resources on August 28, 2019.	
Federal regulations for the State Energy Program	10 CFR 420
Federal regulations for the Low-Income Weatherization Assistance Program	10 CFR 440
RSMo 640.665	Energy Set-Aside Program Fund
RSMo 640.160	Energy Futures Fund
RSMo 640.651-640.686	Energy Conservation Loan Program
RSMo 620.035	General Energy statutes
6. Are there federal matching requirements? If yes, please explain.	
State Energy Program (SEP)	20% State/Local
State Heating Oil and Propane Program (SHOPP)	50% State/Local
7. Is this a federally mandated program? If yes, please explain.	
The National Energy Policy and Conservation Act sets forth requirements for state energy offices; the Division of Energy is recognized by the federal government as Missouri's official state energy office.	