

## PROGRAM DESCRIPTION

Department of Natural Resources

HB Section(s): 6.340, 6.345, 6.350

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 community 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 educates Missourians about cost-effective and efficient uses of energy resources, assists in finding funding for energy improvements, and 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.
- 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 Municipal Utility Emergency Loan Program (MUELP) which provided zero-interest loans, to be repaid within 5 years, to natural gas and electricity municipal utilities and municipal utilities' commissions for increased incurred costs due to the February 2021 extreme winter weather event. House Bill 15 was signed into law on May 13, 2021, the MUELP began accepting applications on June 2, 2021, and as of June 30, 2022, had loaned (expended) approximately \$43 million.
- The Division implements the federal Low-Income Weatherization Assistance Program, which provides funding and training to eighteen sub recipient 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 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Energy Technical and Information	336,945	377,278	326,321	332,848	339,505	346,296
Energy Loan Technical Assistance	197	200	49	200	200	200
Energy Loans Awarded	27	-	1	10	10	10
Individuals Served by Weatherization	2,390	2,915	2,619	3,000	3,000	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 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected
Energy Loan Program Funds Available	\$ 5,600,000	\$ 5,000,000	\$ 5,000,000	\$ 4,500,000	\$ 5,000,000	\$ 5,000,000
Energy Loan Program Funds Awarded (Base Proj'd)	\$ 5,817,869	\$ 4,051,502	\$ 370,130	\$ 4,185,000	\$ 4,650,000	\$ 4,650,000
Energy Loan Program Funds Awarded (Stretch Proj'd)	\$ 5,600,000	\$ 5,000,000	\$ 5,000,000	\$ 4,500,000	\$ 5,000,000	\$ 5,000,000
Weatherization Funds Distributed	\$ 11,079,823	\$ 14,167,184	\$ 17,727,083	\$ 14,500,000	\$ 14,500,000	\$ 14,500,000
Total Pass-Through Funding Awarded	\$ 16,897,692	\$ 18,218,686	\$ 18,097,213	\$ 18,685,000	\$ 19,150,000	\$ 19,150,000

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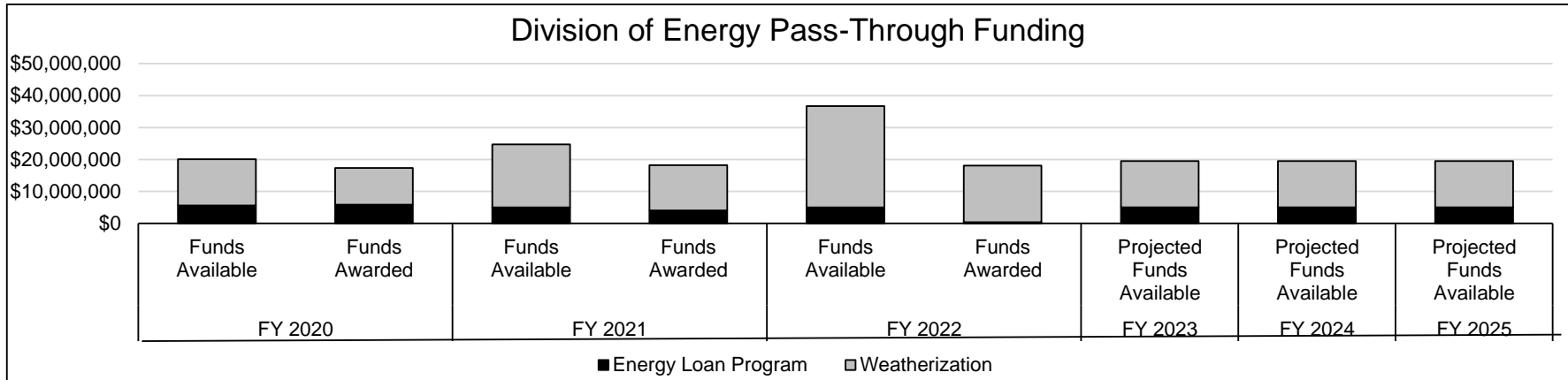
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**2a. Provide an activity measure(s) for the program (continued).**



### 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 formal loan cycle will be moved to an annual revolving fund, which will give additional time for application submittals.

### 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.
- The increase in Weatherization funds available in FY2021 is partially based on the \$8.4M in federal funds and \$1.9M from the CARES Act in LIHEAP monies received from the Department of Social Services to increase the number of weatherized homes.

	FY 2023	FY 2024	FY 2025
Energy Loans Awarded of Funds Available (Base)	93%	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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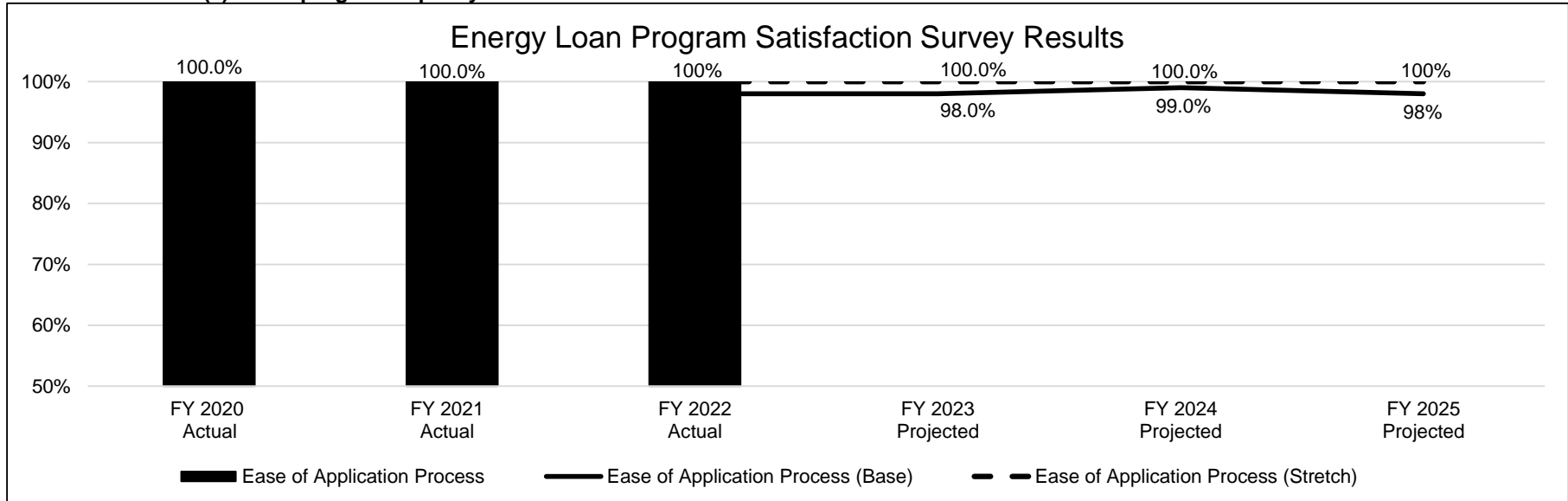
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2b. Provide a measure(s) of the program's quality.



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 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: received two Satisfaction Survey responses in FY 2020, twenty-six responses in FY 2021, and two responses in FY 2022. Such responses are not mandatory.

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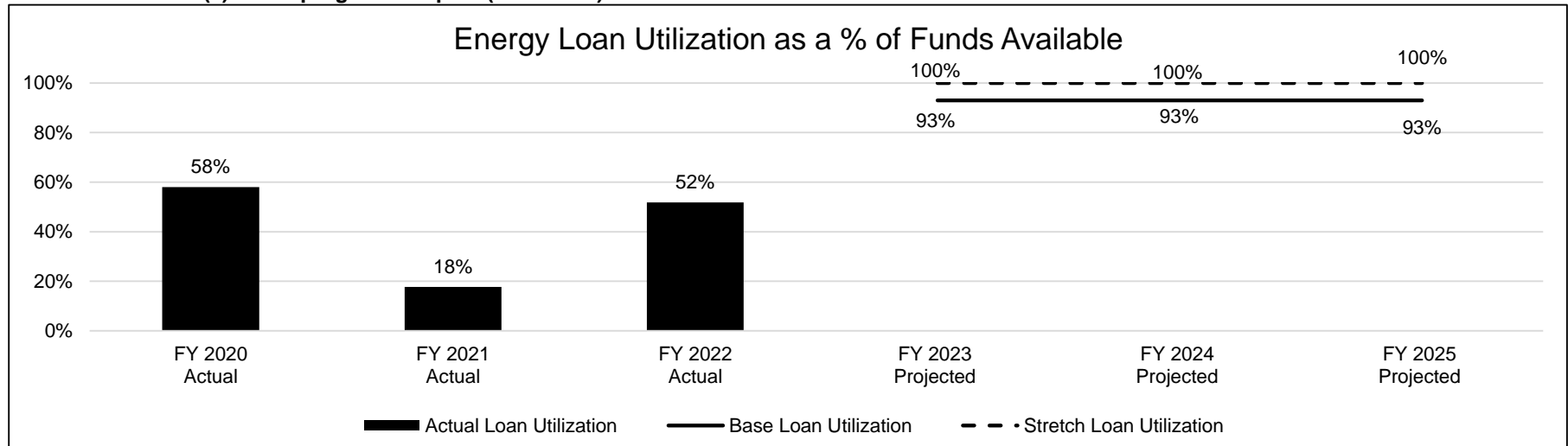
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2c. Provide a measure(s) of the program's impact (continued).



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 decreased dramatically in FY 2020 and 2021 due to COVID-19.

Base Goal - Increased loan utilization is expected in the future due to enhanced marketing and outreach to potential borrowers.

Stretch Goal - Based on Energy Loan Program fully utilizing offered funds in FY 2023 - FY 2025. 100% utilization allows for the greatest investment in energy efficiency projects.

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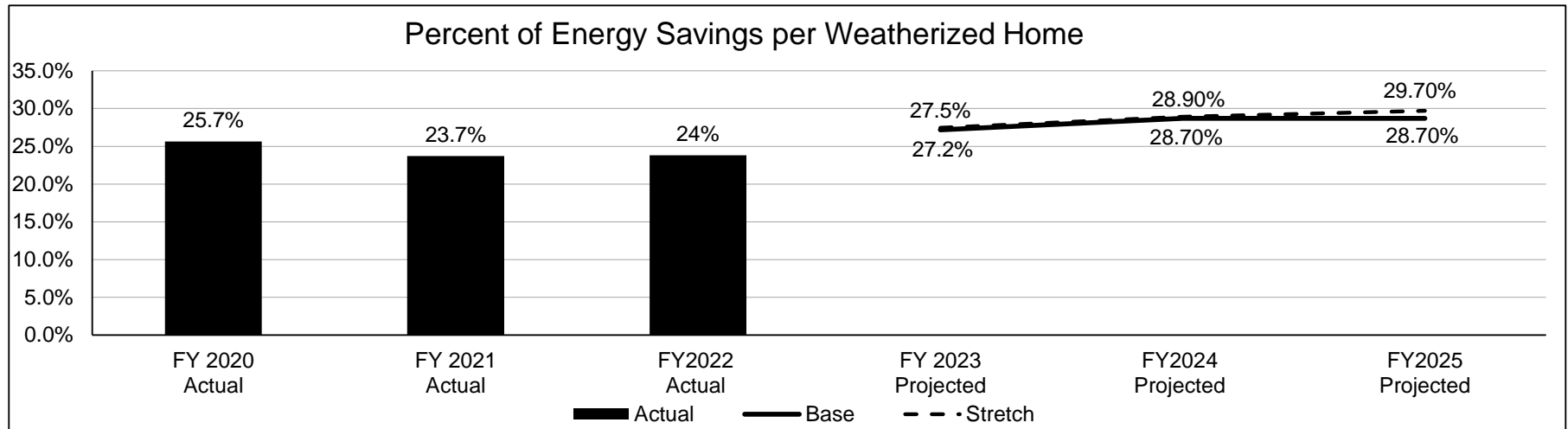
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2c. Provide a measure(s) of the program's impact (continued).



The Weatherization Assistance Program provides energy efficiency measures to eligible homes resulting in persistent energy savings for each client of approximately \$375.11 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 1,450 residences weatherized in Missouri during FY 2022. 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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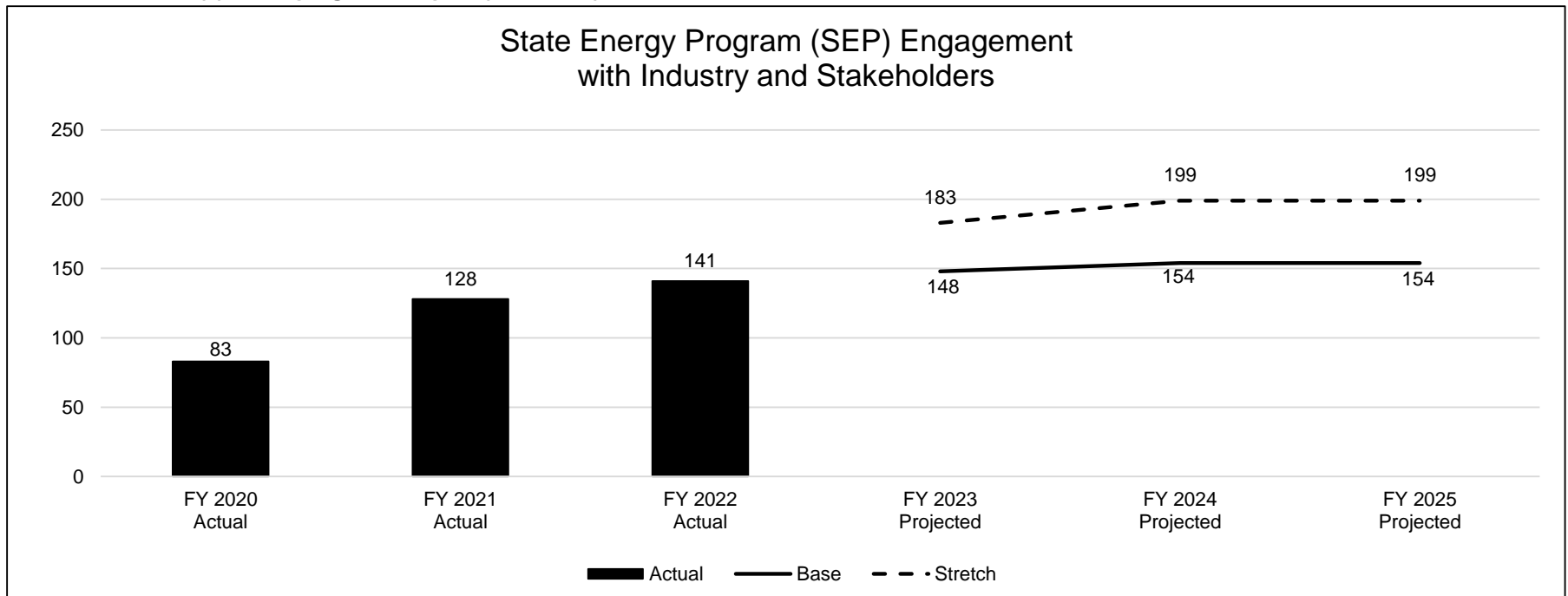
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2c. Provide a measure(s) of the program's impact (continued).



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-sector and public-sector partners to better meet identified goals.

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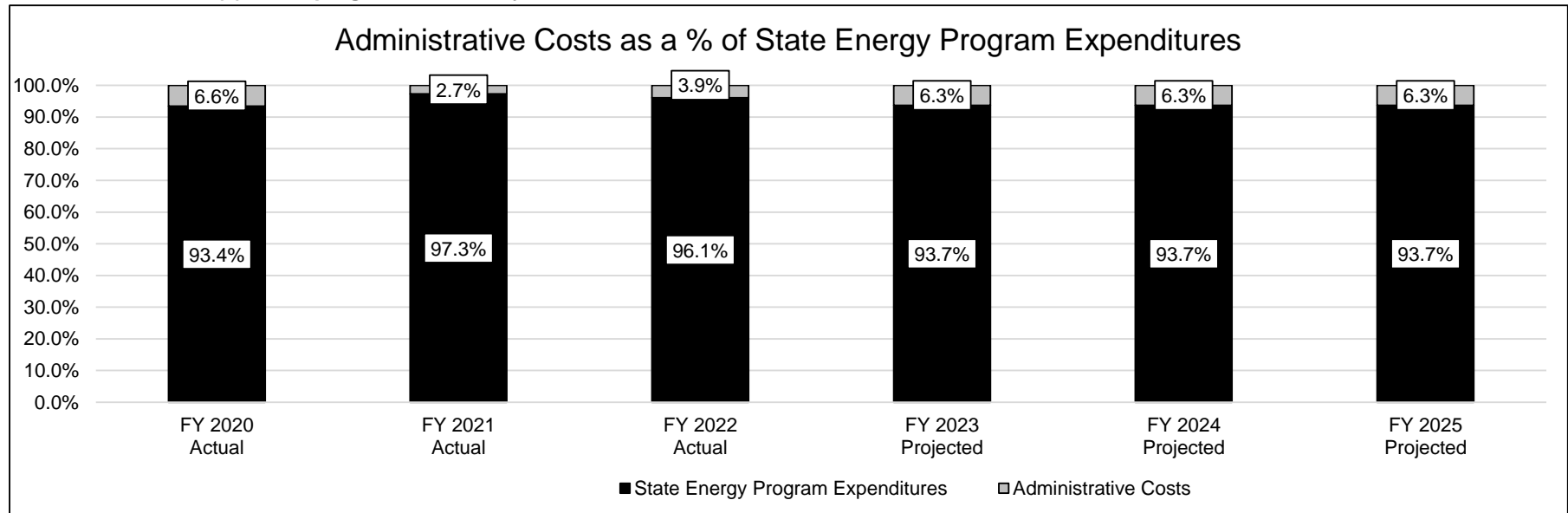
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2d. Provide a measure(s) of the program's efficiency.



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 6.0% are based on steady funding levels and increased staff productivity due to software enhancements and skills gained through on-the-job training.

The actual rates in FY 2021 and FY 2022 are outliers caused by loans from prior years paying out during that year.



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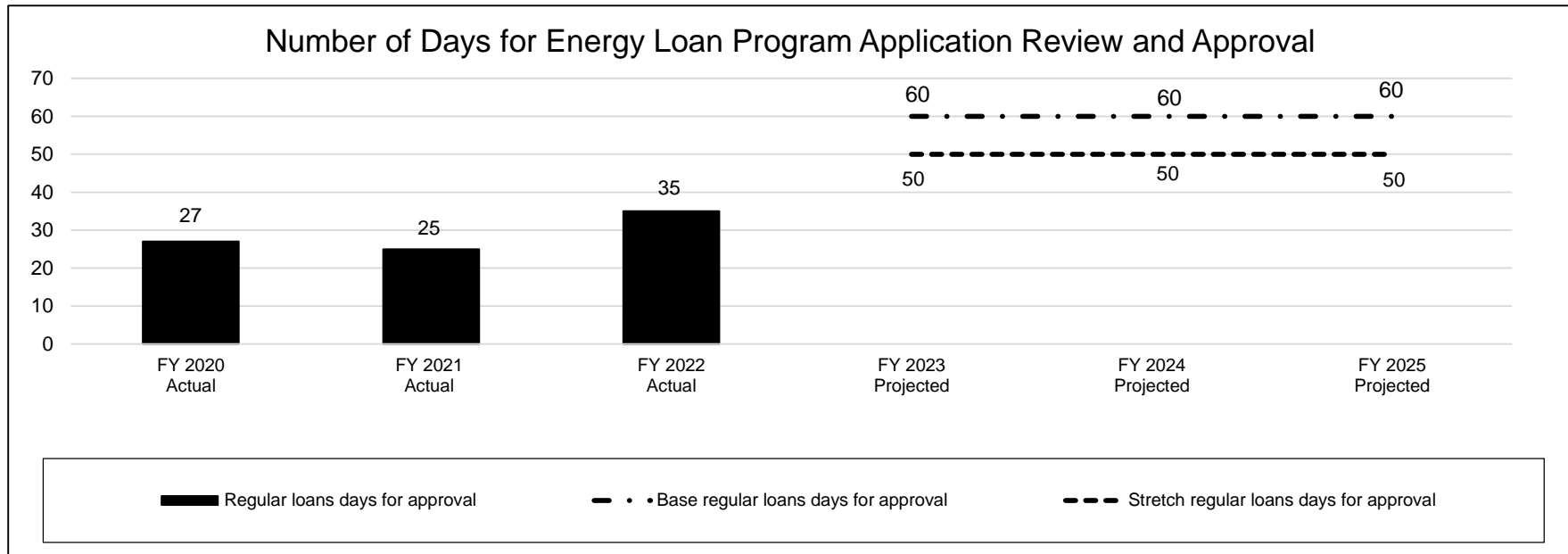
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2d. Provide a measure(s) of the program's efficiency (continued).



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.

There were no emergency loans in FY 2020 through FY 2022. However, the goal is to process these loans within 6-10 days.

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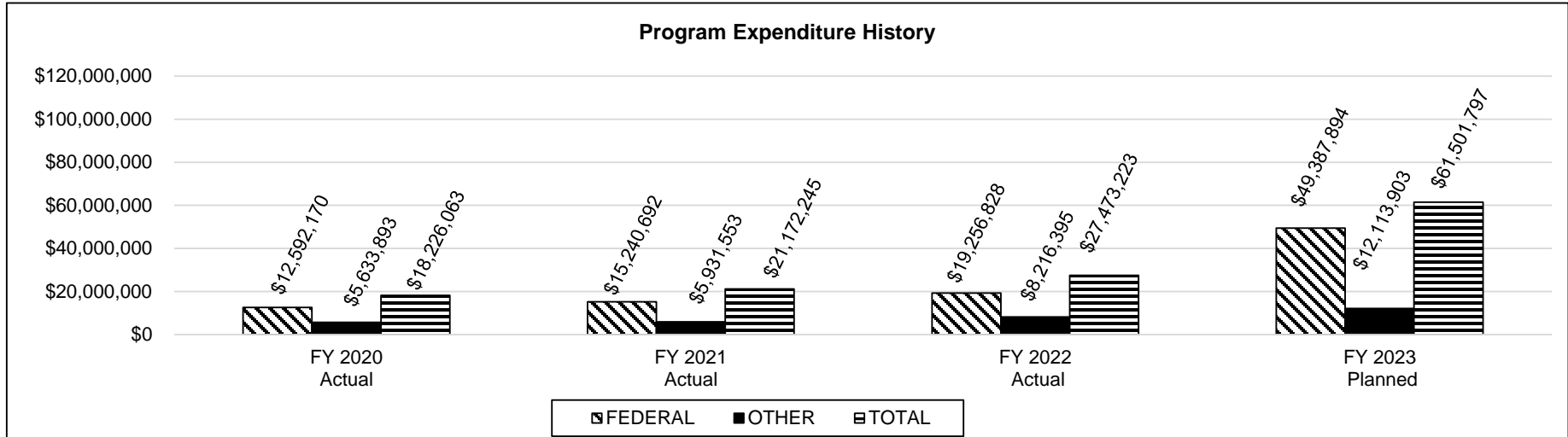
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3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. *(Note: Amounts do not include fringe benefit costs.)*



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 \$18,000,000 in FY 2023 for encumbrance purposes only, which must lapse. Otherwise, FY 2023 Planned is shown at full appropriation.

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

	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Current Yr	FY 2024 Gov Rec
Energy Operations (78210C)	1,737,492	1,499,026	1,890,789	3,294,686	3,294,686
Energy Efficiency PSDs (78220C)	16,488,571	19,673,219	25,582,434	58,207,111	58,207,111
Energy Efficiency Services Encumbrance	n/a - encumbrance authority must lapse			18,000,000	18,000,000
Total	18,226,063	21,172,245	27,473,223	79,501,797	79,501,797

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**4. What are the sources of the "Other " funds?**

Utilicare Stabilization Fund (0134); Cost Allocation Fund (0500); Energy Set-Aside Fund (0667); 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.)**

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.