To establish a State Energy Race to the Top Initiative to assist energy policy innovation in the States to promote the goal of doubling electric and thermal energy productivity by January 1, 2030.

IN THE SENATE OF THE UNITED STATES

JUNE 20, 2013

Mr. W ARNER (for himself and Mr. M ANCHIN) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To establish a State Energy Race to the Top Initiative to assist energy policy innovation in the States to promote the goal of doubling electric and thermal energy productivity by January 1, 2030.

1. Be it enacted by the Senate and House of Representa-
2. tives of the United States of America in Congress assembled,

3. SECTION 1. SHORT TITLE.

4. This Act may be cited as the “State Energy Race to the Top Initiative Act of 2013”.

5. SEC. 2. PURPOSE.

6. The purpose of this Act is to assist energy policy in-

7. novation in the States to promote the goal of doubling
electric and thermal energy productivity by January 1, 2030.

SEC. 3. DEFINITIONS.

In this Act:

(1) COVERED ENTITY.—The term “covered entity” means—

(A) a public power utility;
(B) an electric cooperative; and
(C) an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)).

(2) STATE.—The term “State” has the meaning given the term in section 3 of the Energy Policy and Conservation Act (42 U.S.C. 6202).

SEC. 4. PHASE 1: INITIAL ALLOCATION OF GRANTS TO STATES.

(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Secretary shall issue an invitation to States to submit plans to participate in an electric and thermal energy productivity challenge in accordance with this section.

(b) GRANTS.—

(1) IN GENERAL.—Subject to section 7, the Secretary shall use funds made available under sec-
tion 8(b)(1) to provide an initial allocation of grants to not more than 25 States.

(2) AMOUNT.—The amount of a grant provided to a State under this section shall be not less than $1,000,000 nor more than $3,500,000.

(c) SUBMISSION OF PLANS.—To receive a grant under this section, not later than 90 days after the date of issuance of the invitation under subsection (a), a State shall submit to the Secretary an application to receive the grant by submitting a revised State energy conservation plan under section 362 of the Energy Policy and Conservation Act (42 U.S.C. 6322).

(d) DECISION BY SECRETARY.—

(1) IN GENERAL.—Not later than 90 days after the submission of revised State energy conservation plans under subsection (c), the Secretary shall make a final decision on the allocation of grants under this section.

(2) BASIS.—The Secretary shall base the decision of the Secretary under paragraph (1) on—

(A) plans for improvement in electric and thermal energy productivity consistent with this Act; and

(B) other factors determined appropriate by the Secretary, including geographic diversity.
(3) RANKING.—The Secretary shall—

(A) rank revised plans submitted under this section in order of the greatest to least likely contribution to improving energy productivity in a State; and

(B) provide grants under this section in accordance with the ranking and the scale and scope of a plan.

(e) PLAN REQUIREMENTS.—A revised State energy conservation plan submitted under subsection (c) shall provide—

(1) a description of the manner in which—

(A) energy savings will be monitored and verified;

(B) a statewide baseline of energy use and potential resources for calendar year 2010 will be established to measure improvements;

(C) the plan will promote achievement of energy savings and demand reduction goals;

(D) public and private sector investments in energy efficiency will be leveraged, including through banks, credit unions, and institutional investors; and
(E) the plan will not cause cost-shifting among utility customer classes or negatively impact low-income populations; and

(2) an assurance that—

(A) the State energy office required to submit the plan and the State public service commission are cooperating and coordinating programs and activities under this Act;

(B) the State is cooperating with local units of government to expand programs as appropriate; and

(C) grants provided under this Act will be used to supplement and not supplant Federal, State, or ratepayer-funded programs or activities in existence on the date of enactment of this Act.

(f) USES.—A State may use grants provided under this section to promote—

(1) the expansion of industrial energy efficiency, combined heat and power, and waste heat-to-power utilization;

(2) the expansion of policies and programs that will advance energy efficiency retrofits for public and private commercial buildings, schools, hospitals, and residential buildings (including multifamily build-
ings) through expanded energy service performance contracts, zero net-energy buildings, or improved building energy efficiency codes;

(3) the establishment or expansion of incentives in the electric utility sector to enhance demand response and energy efficiency, including consideration of additional incentives to promote the purposes of section 111(d) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2621(d)), such as appropriate, cost-effective heat and power and waste heat-to-power incentives, financing of energy efficiency programs, data use incentives, district heating, and regular energy audits; and

(4) leadership by example, in which State activities involving both facilities and vehicle fleets can be a model for other action to promote energy efficiency and can be expanded with Federal grants provided under this Act.

SEC. 5. PHASE 2: SUBSEQUENT ALLOCATION OF GRANTS TO STATES.

(a) REPORTS.—Not later than 18 months after the receipt of grants under section 4, each State that received grants under section 4 may submit to the Secretary a report that describes—
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(1) the performance of the programs and activities carried out with the grants; and

(2) the manner in which additional funds would be used to carry out programs and activities to promote the purposes of this Act.

(b) GRANTS.—

(1) IN GENERAL.—Not later than 180 days after the date of the receipt of the reports required under subsection (a), subject to section 7, the Secretary shall use amounts made available under section 8(b)(2) to provide grants to not more than 6 States to carry out the programs and activities described in subsection (a)(2).

(2) AMOUNT.—The amount of a grant provided to a State under this section shall be not more than $30,000,000.

(3) BASIS.—The Secretary shall base the decision of the Secretary to provide grants under this section on—

(A) the performance of the State in the programs and activities carried out with grants provided under section 4;

(B) the potential of the programs and activities described in subsection (a)(2) to achieve the purposes of this Act;
(C) the desirability of maintaining a total project portfolio that is geographically and functionally diverse; and

(D) the amount of non-Federal funds that are leveraged as a result of the grants to ensure that Federal dollars are leveraged effectively.

SEC. 6. ALLOCATION OF GRANTS TO COVERED ENTITIES.

(a) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the Secretary shall invite covered entities to submit plans to participate in an electric and thermal energy productivity challenge in accordance with this section.

(b) SUBMISSION OF PLANS.—To receive a grant under this section, not later than 90 days after the date of issuance of the invitation under subsection (a), a covered entity shall submit to the Secretary a plan to increase electric and thermal energy productivity by the covered entity.

(c) DECISION BY SECRETARY.—

(1) IN GENERAL.—Not later than 90 days after the submission of plans under subsection (b), the Secretary shall make a final decision on the allocation of grants under this section.

(2) BASIS.—The Secretary shall base the decision of the Secretary under paragraph (1) on—
(A) plans for improvement in electric and thermal energy productivity consistent with this Act;

(B) plans for continuation of the improvements after the receipt of grants under this Act; and

(C) other factors determined appropriate by the Secretary, including—

(i) geographic diversity;

(ii) size differences among covered entities; and

(iii) equitable treatment of each sector under this section.

SEC. 7. ADMINISTRATION.

(a) INDEPENDENT EVALUATION.—To evaluate program performance and effectiveness under this Act, the Secretary shall consult with the National Research Council regarding requirements for data and evaluation for recipients of grants under this Act.

(b) COORDINATION WITH STATE ENERGY CONSERVATION PROGRAMS.—

(1) IN GENERAL.—Grants to States under this Act shall be provided through additional funding to carry out State energy conservation programs under

(2) **Relationship to state energy conservation programs.**—

(A) In general.—A grant provided to a State under this Act shall be used to supplement (and not supplant) funds provided to the State under part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321 et seq.).

(B) Minimum funding.—A grant provided to a State shall not be provided to a State for a fiscal year under this Act if the amount of the grant provided to the State for the fiscal year under part D of title III of the Energy Policy and Conservation Act (42 U.S.C. 6321 et seq.) is less than $50,000,000.

(c) Voluntary participation.—The participation of a State or covered entity in a challenge established under this Act shall be voluntary.

**SEC. 8. AUTHORIZATION OF APPROPRIATIONS.**

(a) In general.—There are authorized to be appropriated to carry out this Act $200,000,000 for fiscal years 2014 through 2017.
(b) ALLOCATION.—Of the total amount of funds made available under subsection(a)—

(1) 30 percent shall be used to provide an initial allocation of grants to States under section 4;

(2) 52½ percent shall be used to provide a subsequent allocation of grants to States under section 5;

(3) 12½ percent shall be used to make grants to public power utilities, electric cooperatives, and Indian tribes under section 6; and

(4) 5 percent shall be available to the Secretary for the cost of administration and technical support to carry out this Act.

SEC. 9. OFFSET.

Section 422(f) of the Energy Independence and Security Act of 2007 (42 U.S.C. 17082(f)) (as otherwise amended by this Act) is amended—

(1) in paragraph (4), by adding “and” after the semicolon at the end; and

(2) by striking paragraph (5) through the period at the end of the subsection and inserting:

“(5) $0 for each of fiscal years 2014 through 2017.”.