

## Explanation of Tsongas Amendment

The Tsongas amendment establishes three programs to provide assistance to States and local governments for energy conservation and renewable resource activities.

### 1. Community Energy Block Grants

HUD's Community Development Block Grant authority is amended to establish a separate program of grants to local governments.

\*The Block Grant approach takes advantage of existing federal capacity to deliver assistance to local governments.

\*Block Grants give governments consistent funding and maximum flexibility in solving local energy problems.

The Community Energy Block Grants would be authorized for 3 years with a first year funding level of \$75 million from the Solar and Conservation Reserve. NO NEW BUDGET AUTHORITY IS REQUIRED.

In order to qualify for Block Grants, communities would submit an application outlining a comprehensive energy conservation strategy. In order to prevent substitution of federal assistance for on-going conservation efforts, local governments would be required to maintain or expand their current energy program expenditures. The strategy would be developed in close consultation with States and with neighborhood and community groups.

Block Grant applications would not be approved if 1) The Secretary of DOE made a negative finding on the technical aspects or based on inconsistency of the application with the State energy plan. This provision insures adequate linkages with both the Department of Energy, and with on-going State energy programs.

In the first year of the program, the Secretary of HUD is permitted to waive certain application requirements, in order to permit local governments who have not initiated energy planning to use a portion of their initial funds to develop a strategy which can be implemented in subsequent years.

Where appropriate, local governments would submit Community Development Block Grant and Community Energy Block Grant applications simultaneously, in order to reduce administrative costs.

20% of Block Grant funds are allocated to non-metropolitan areas, and existing HUD allocation formulas are altered to give increased weight to population. Metropolitan cities would receive funds on an entitlement basis. Non-entitlement cities would receive funds on a discretionary basis.

Tsongas amendment continued

## 2. Energy Project Grants

The Secretary of Energy is authorized to make grants to States, areawide planning organization and units of local government to implement projects which will contribute to a significant reduction in the use of non-renewable energy supplies.

Project Grants would permit local governments engaged on on-going activities under the Block Grant program to undertake major, capital intensive single purpose energy projects. Project grants would be reviewed for consistency with the local energy strategy.

Project selection criteria for the grants would include cost/benefit ratio, funding from private and non-federal public sources, and demonstration and market stimulation value.

Project Grant applications would not be approved unless certain requirements are met, including:

- \*Applicant has a community energy strategy
- \*20% of project costs are provided through non-federal funds
- \*Applicant has technical capacity to implement the project
- \*The project will significantly reduce local consumption of non-renewable energy supplies
- \*The project will not have significant adverse environmental social or economic impact.

In addition, projects would not be funded which 1) do not primarily benefit the public or which 2) are intended to facilitate relocation of facilities from one area to another, with adverse impact on employment.

20% of project grant funds are allocated to non-metropolitan areas. Energy Project Grants are authorized for three years and first year funding of \$7 million is from the Solar and Conservation Reserve.

## 3. Technical Assistance

The Secretary of Energy is authorized to establish an Energy Reference Center to provide technical assistance to States, units of local governments and areawide and community groups with technical assistance and information.

The Center would not duplicate existing resources, and would utilize existing resources to the maximum extent possible. It would provide, as appropriate, additional resources including a training institute and an information clearinghouse.

Activities carried out under this program would be done in close consultation with States, and State technical assistance programs for local governments could be funded under this program.

The Technical Assistance Program is authorized for three years with a first year funding level of \$5 million from the Solar and Conservation Reserve.