



Retrofit for Energy and Environmental Performance (REEP)

Section 202 of the American Clean Energy and Security Act of 2009

Rationale: For every dollar invested in efficiency, consumers and business save on average \$4. Meanwhile, buildings are responsible for 39 percent of all energy consumption, 72 percent of all electricity consumption, and 39 percent of all carbon emissions in the United States. Buildings in the United States account for about 10 percent of global carbon emissions. For decades to come, the vast majority of building energy use will come from buildings that are in existence today. EIA estimates that in 2030, 82% of the single-family homes and 62% of the commercial buildings will be built before 2009. Energy efficiency in buildings can be maximized with existing technologies to reduce building energy consumption by 25 percent or more. Expanding the residential and commercial efficiency will create jobs directly in performing retrofits, reduce energy bills for consumers, and address global carbon emissions.

Program Goals: The purpose of the Retrofit for Energy and Environmental Performance (REEP) program is to facilitate the retrofitting of existing buildings across the United States to achieve cost-effective energy efficiency savings of 20 percent or more and significant reductions in water use. The program will provide federal financial assistance to state and local agencies for direct cash incentives and for the management of this program. State and local agencies will have broad flexibility in the structure of program operations and choice of retrofit agencies or contractors.

Administration: The Department of Energy and the Environmental Protection Agency will develop and implement the REEP program. State Energy Offices shall implement the REEP Program in accordance with standards and requirements adopted by the Administrator for the residential program and the Secretary for the commercial program. States will be given maximum flexibility to implement the program through the agency with the greatest familiarity with overall building performance. States may also delegate performance of the REEP program, upon their request and subject to state law, to counties, municipalities, public agencies, and other divisions of local government, provided that the State retains accountability for the funds and maintains responsibility to meet federal standards and requirements. States and local government entities may in turn employ public or regulated investor-owned utilities, building auditors and inspectors, contractors, non-profit organizations, and other entities to perform actual audits and retrofit services.

Financial Incentives for Residential and Commerce Buildings: The goal of the program is to support per-building direct incentives for efficiency improvements compared to the building's previous energy use. For properties achieving at least 20% energy savings, both residential and commercial buildings are eligible to receive additional incentives for the efficient use of water.

For homes:

- \$1000 for a combination of prescriptive measures designed to reduce energy consumption by at least 10%, and \$2000 for prescriptive measures designed to reduce energy consumption by 20%;
- \$3000 for actual demonstrated savings of 20% utilizing the performance based structure, plus an additional \$1,000 for each additional five percentage points in energy savings achieved (e.g. 30% savings is a \$4500 incentive);
- These incentives are capped at 50% of retrofit costs.



For commercial buildings:

- a maximum of \$0.15 per square foot of retrofit area for energy use reductions from 20% to 30%;
- \$0.75 per square foot for energy use reductions from 30% to 40%;
- \$1.60 per square foot for energy use reductions from 40% to 50%; and
- \$2.50 per square foot for energy use reductions exceeding 50%.
- These incentives are capped at 50% of retrofit costs.

Standards: Both the residential and commercial REEP program requires RESNET certification or the equivalent of building energy and environment auditors, inspectors, and raters and Building Performance Institute (BPI) certification, or the equivalent, or licensing by states of building energy and environmental retrofit contractors. State Energy Offices will be required to apply standards for training, certification of contractors, certification of buildings, and post-retrofit inspection. Regular audits of the program are required.

Flexibility to Implement Efficiency Programs: The REEP program will also allow alternate means of creating incentives or reducing financial barriers to improve energy and environmental performance in buildings. These include utilizing the incentive to provide credit enhancement, interest rate subsidies, or other traditional credit support; to provide initial capital for public revolving-fund financing of retrofits (examples include: Montgomery County, MD; Babylon, NY; and Berkeley, CA) with repayments by beneficiary building owners over time through their tax payments, calibrated to be net positive cash flow to building owner; or to support qualified utility-operated retrofit programs.

Federal Support: During the initial year of the REEP program, financial support will be provided to each state in accordance with the State Energy Program formula. In the second year and thereafter, half of available or appropriated funds will be allocated in accordance with the State Energy Program formula, and half in accordance with the relative performance of the states during the prior year, with higher allocations going to states showing greater success in improving energy and environmental performance of the buildings retrofitted in that state during that prior year. The program calls for \$2.5 billion each year for distribution to State Energy Offices and \$500 million for administration of the program for Fiscal Years 2010-2014.

40 Co-sponsors: Chris Van Hollen, George Miller, Steve Israel, Patrick J. Murphy, Carolyn B. Maloney, Mike Honda, Carolyn C. Kilpatrick, André Carson, Kathy Dahlkemper, Frank Pallone, Steve Cohen, Elijah Cummings, Jim Langevin, Keith Ellison, Maurice Hinchey, Paul Tonko, Earl Blumenauer, Carol Shea-Porter, Donna Christensen, Bruce Braley, Harry Teague, William Delahunt, Jay Inslee, Joe Courtney, Martin Heinrich, Russ Carnahan, Jim Himes, Ed Perlmutter, Lois Capps, Jared Polis, Gerry Connolly, Diana DeGette, Timothy Bishop, Rush Holt, Bob Filner, Madeleine Bordallo, Robert Wexler, and Mike Ross

Supporting organizations include: National Association of Home Builders (NAHB), National Association of Realtors, Natural Resources Defense Council (NRDC), EfficiencyFirst, the American Council for an Energy-Efficiency Economy (ACEEE), National Trust for Historic Preservation, The US Green Buildings Council, Residential Energy Services Network (RESNET), National Wildlife Federation (NWF), Vermont Natural Resources Council (VNRC), Environment America, Federal Performance Contracting Coalition, Real Estate Roundtable, National Association of Real Estate Investment Trusts (NAREIT)