Weatherization Program Notice 01-7

Effective Date - January 18, 2001

**SUBJECT: ENERGY CRISIS RELIEF**

**PURPOSE**: To provide guidance to Regional Offices and States relative to procedures in handling major energy crisis relief affecting Weatherization Program activities.

**SCOPE**: The provisions of this guidance apply to all grantees applying for financial assistance under the Department of Energy (DOE) Weatherization Assistance Program (WAP).

**BACKGROUND**: Recent rising energy prices and energy shortages have placed an undue burden on many low-income Americans to deal with temperature extremes whether they be the cold of winter or heat of summer or other energy-related emergencies. Unlike a natural disaster, rising energy prices and/or shortages can have a permanent effect on low-income persons and their ability to deal with the impact of these energy-related actions. The Department of Energy's Weatherization Assistance Program is well-suited to address many of these concerns within its program regulations without a major disruption to regular program activities. The Program's infrastructure provides a conduit to deliver needed services to assist in this type of crisis as part of an overall State plan. Short-term solutions to immediate concerns, such as replacing heating or cooling units and/or certain health and safety concerns, can be accomplished by the Program. A follow-up to complete the full weatherization on these units meets the Department's long-term objective of providing energy efficient services to low-income households that achieves energy savings over the lifetime of all of the measures installed.

Many States currently have successful crisis response plans that coordinate, for example, Weatherization and their Low Income Home Energy Assistance Program (LIHEAP) Emergency Contingency Funds to effectively address immediate concerns. DOE encourages all States to share their ideas and experiences and to replicate where appropriate. This will help facilitate a rapid response and eliminate redundant planning efforts. Regional Offices will work with States that wish to identify successful energy crisis plans currently in use so that they may use them as appropriate.

**INTERIM POLICY:** Due to this year's combination of sharp increases in energy prices and the unusually colder temperatures occurring in many parts of the country, DOE recognizes the existence of an energy crisis in many States. These States can and should enact crisis relief programs in advance of receiving approval from DOE so that the needs of low-income families facing serious energy emergencies can be met. Within a reasonable period of time, States will be required to submit and receive subsequent approval of these crisis relief plans in accordance with the criteria established below. In providing review and approval of subsequent plans, Regional Office staff will use reasonable judgment while remaining responsive to the expressed needs of any State responding to a crisis situation. States that need to begin their plans now should immediately contact their respective Regional Offices. States can be assured that DOE will expedite review and approval for the following activities either amending their current Program Year 2000 plans or for inclusion in their upcoming plans for Program Year 2001.: Due to this year's combination of sharp increases in energy prices and the unusually colder temperatures occurring in many parts of the country, DOE recognizes the existence of an energy crisis in many States. These States can and should enact crisis relief programs in advance of receiving approval from DOE so that the needs of low-income families facing serious energy emergencies can be met. Within a reasonable period of time, States will be required to submit and receive subsequent approval of these crisis relief plans in accordance with the criteria established below. In providing review and approval of subsequent plans, Regional Office staff will use reasonable judgment while remaining responsive to the expressed needs of any State responding to a crisis situation. States that need to begin their plans now should immediately contact their respective Regional Offices. States can be assured that DOE will expedite review and approval for the following activities either amending their current Program Year 2000 plans or for inclusion in their upcoming plans for Program Year 2001.

**PROCEDURES**: For weatherization purposes, an energy crisis is determined by several factors including, but not limited to, release of LIHEAP Emergency Funds, sharp increases in energy prices, energy shortages, and may also include disruptions to fuel supplies or the interruption/shutdown in the transmission of electricity over power grids. Similar to what happens in a natural disaster such as flood or fire, it would not be uncommon for regular weatherization work to be suspended during an energy crisis until community services such as electricity, water, food and medical supply activities can be returned to normal. For weatherization purposes, an energy crisis is determined by several factors including, but not limited to, release of LIHEAP Emergency Funds, sharp increases in energy prices, energy shortages, and may also include disruptions to fuel supplies or the interruption/shutdown in the transmission of electricity over power grids. Similar to what happens in a natural disaster such as flood or fire, it would not be uncommon for regular weatherization work to be suspended during an energy crisis until community services such as electricity, water, food and medical supply activities can be returned to normal.

The crisis generally will involve three components: the crisis itself, short-term or immediate relief, and long-term energy investment in the homes in the affected areas. It is likely that an energy emergency will impact each State differently. Also, certain States may not be impacted at all. Therefore, States should customize their energy crisis response plans to meet the needs of their low-income citizens based on the type of resources available. Only States that intend to use DOE funds need to include a crisis response plan as part of their State plan or need to submit a plan amendment to the Regional Office for review and approval. Depending on the nature of the crisis, an appropriate response could be coordinated between two or more States. In certain instances a coordinated regional response might be appropriate to mitigate the energy crisis.

States must make every effort to ensure that all homes served during an energy crisis are eligible to receive weatherization assistance. DOE will waive the "statewide" eligibility requirement. For example, a State using DOE eligibility for its regular weatherization program may use LIHEAP eligibility for its energy crisis response plan. Using DOE funds, States cannot exceed the LIHEAP eligibility criteria ceilings of 150% of poverty or 60% of State-median income to address crisis relief. Further, all homes that are provided crisis services must be added to the current waiting list for full weatherization services in accordance with the regular weatherization procedures outlined in the State's plan.

In order to account for DOE funds used and activities undertaken by any individual State to provide energy crisis relief, the State will need to amend its current year Plan and budget accordingly. Section B of the Federal Assistance Budget Information form (DOE F 4600.4) should be amended to add a column, entitled "Energy Crisis," in which the State will include those funds that it intends to expend on energy crisis efforts. The Annual File, under section II.11 "Miscellaneous", should be amended to address the State's planned emergency activities to include a description of the nature and scope of activities; proposed time frame; expected costs; estimated number of persons or dwellings to be assisted; and other items as determined by DOE. For those States that plan to "institutionalize" an energy crisis program, the State's "approach" would be included in a new section, III.6.5 "Energy Crisis," of the Master File and the annual activities would be included in the Annual File under section II.11,"Miscellaneous". When energy crisis plans are submitted, Regional Offices will keep Headquarters advised of progress. Headquarters will be contacted as needed and will expedite the resolution of any issues as required by the Regional Office Director.

The Quarterly Program Report form, recently transmitted under Weatherization Program Notice 01-05, will be amended to include an "Energy Crisis" category under both Section I. B., Outlays by Function, and Section II. C. 3., Other Unit Categories. If a State?s Plan and budget have been approved to provide energy crisis relief under its DOE Weatherization Program, it will include the related expenditures and units assisted on the Quarterly Program Report as an "Energy Crisis" activity. If a State has elected to address the emergency with other than DOE funds, the State should include those activities on its semi-annual Leveraging Report.

All energy crisis response plans not part of the approved State plan will require a public hearing. The exception is that States which are responding to an immediate energy crisis can delay the public hearing requirement until later. If would be preferable that the State, at the time of the initial public hearing on the State plan, discuss the response plan if available. If the actual response plan is not available, at least discuss how the State would respond in the event of an energy crisis and get input from local agencies. Depending on the nature of the energy crisis, DOE understands that these plans or amendments are subject to change.

DOE will not place a per unit cost restriction for energy crisis relief activities. The State must submit an average cost as part of its response plan for review and approval by DOE. In this way, States can customize their plans to meet their needs by submitting a list of measures and costs to be included in their plans.

DOE will exercise discretionary authority in interpreting the weatherization rules and, if necessary, grant special conditions or waive certain requirements in order to implement the most appropriate responses to ameliorate the effects of an energy crisis and to serve the public interest. Likewise, States should fashion prudent energy crisis response plans which not only address the needs of the affected low-income clients, but take into consideration the limited funds available in the Program. Interim agreements can be made to expedite early action. However, States desiring to take advantage of the energy crisis provision should submit to the appropriate Regional Office a summary plan of action as soon as possible. Regional Office Weatherization Program Managers and contracting officers may then provide States with guidance on how to quickly proceed. Written plan amendments should be submitted by a mutually agreed date.

**ELIGIBLE ACTIVITIES:**

1. Energy-Related Repairs and Expanded Measures - To more effectively respond to an energy crisis, States will need the flexibility to include measures in the energy crisis response plans that are not currently a part of the regular Weatherization Program. This list may include, but is not limited to: purchase or lease of temporary heating sources, energy-related repairs, or other energy-related measures. In approving these additional measures, DOE expects States will continue to assure that the quality, energy efficiency, and installation of the product(s) meets industry-developed standards.

2. Health and Safety - The program regulations allow a State to develop a health and safety plan to address the needs of low-income occupants of eligible homes. A State will be required to develop an addendum or revision to its current health and safety plan to address issues related specifically to a crisis, such as furnace replacements as a health and safety measure. States which opt to use this method as part of their energy crisis response plans will receive expedited approval from DOE.

3. Technical Assistance - The rule permits the States to use technical assistance funds in flexible ways to achieve energy efficiency goals of the program.

4. Leveraging - The rule permits States to use a percentage of their DOE grants to provide leveraging opportunities at the State and local levels. Grantees should be encouraged to seek innovative ways of using these funds to increase the energy-related crisis assistance that can be made available. Further, States are encouraged to coordinate with other Federal, State, utility, or private funds and programs to maximize their response in dealing with an energy crisis where possible.

5. Other energy-related activities - as identified by the State in its plan and approved by DOE.

**COORDINATION:**

The Weatherization Assistance Program is working closely with the Department of Health and Human Service?s LIHEAP Program to help States better coordinate both funding and services to address an energy crisis response as the need arises. In addition to a letter being issued to underscore this collaborative effort, other helpful references will be distributed to the Weatherization and LIHEAP Program Offices.

DOE will work closely with all States needing assistance in developing appropriate energy crisis response plans which best serve the needs of our low-income clients. We can achieve this with minimum disruption to our program mission of increasing the energy efficiency and reducing the burden of energy costs to low-income Americans.

Gail McKinley, Director
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Energy Efficiency and Renewable Energy