

# **Commonwealth of Virginia Oil Overcharge Restitution Fiscal Year (FY) 2006-2007**

## **Overview Of Oil Overcharge Restitution Programs**

### **Exxon Restitution Program**

Virginia has received \$54,054,510.90 in Exxon restitution funds since FY86. As of June 30, 2007, accrued interest of \$15,204,152.84 brings the cumulative total funds to \$69,258,663.74. The Virginia executive and legislative branches have reviewed proposed use of the funds and authorized the funds for the State Energy Program (SEP) (formerly the State Energy Conservation Program and the Institutional Conservation Program), the Low Income Housing Energy Assistance Program (LIHEAP), and the Weatherization Assistance Program (WAP).

### **Stripper Well Restitution Program**

Virginia has received \$48,273,296.90 in Stripper Well restitution funds as of June 30, 2007. Accrued interest of \$16,183,680.28 brings the cumulative total funds to \$64,456,977.18. The Virginia executive and legislative branches have reviewed and approved all use of Stripper Well funds. George P. Willis, Director, Department of Mines, Minerals and Energy (DMME), has submitted project descriptions to the U.S. Department of Energy (DOE) for approval. For the purposes of this report, Stripper Well includes the Fund Types of Texaco, Amoco/Warner, and Stripper Well.

### **Diamond Shamrock Restitution Program**

Virginia used the Diamond Shamrock funds for administration of the restitution programs and for several projects. The Virginia executive and legislative branches have approved all expenditures of the funds. The total funds received for the Diamond Shamrock Restitution Program, as of June 30, 2007, was \$2,779,060.15, with accrued interest of \$1,400,019.09, and cumulative total of \$4,179,079.24.

### **Warner Restitution Program**

All Warner Amendment funds received by Virginia have been expended.

## **Program And Project Descriptions**

**This section provides information about current programs and projects under each of the oil overcharge restitution programs. The information includes current projects, beginning with the first distribution of restitution funds through the end of fiscal year 2007.**

### **Weatherization Assistance Program**

Total Funds Designated: \$35,858,560  
(\$28,358,560 Exxon; \$7,500,000 Stripper)

The Weatherization Assistance Program provides funds for low-income families to reduce their heating and cooling costs and to ensure their health and safety. The services are primarily focused on the elderly, individuals with disabilities, and families with children. It has provided for repairs and improvements to home heating and cooling systems and for the installation of other energy savings measures. These funds have also been used to purchase equipment and tools necessary for the program. Finally, the funds are used for consumer education and in an effort to analyze the effectiveness of the Virginia program. Over the last year, the Virginia Weatherization Assistance Program expended no money, leaving a balance of \$5,870.94 available, but unspent.

### **Institutional Conservation Program**

Total Funds Designated: \$9,053,841  
(\$4,100,000 Exxon; \$3,792,874 Stripper; \$1,160,967 Diamond Shamrock)

The Institutional Conservation Program (ICP) was combined with the State Energy Conservation Program (SECP) and the Energy Extension Service (EES), into the State Energy Program (SEP). Closeout activities were completed on the existing ICP grants in FY2000.

### **State Energy Program**

Total Funds Designated: \$13,989,075 (includes SECP and EES)  
(\$8,434,461 Exxon; \$5,458,978 Stripper; \$95,636 Diamond Shamrock)

Listed below are descriptions of programs funded with Oil Overcharge Funds during 2006-2007:

### **Energy Savings Investment Program**

Funding: \$730,000

The DMME Division of Energy awarded financing to state agencies under its Energy Savings Investment Program (ESIP). This short-term financing to state agencies and institutions of the Commonwealth that operate qualified, state-owned facilities can be used for the installation of energy conservation measures and energy services for their facilities. This year DMME contracted with Virginia Commonwealth University to make mechanical system

efficiency upgrades, ductwork and boiler changes, and modifications to air handling units to reclaim heat for the building's reheat system to eliminate the use of boilers during the cooling season in the Trani Life Sciences Building. This project was completed this year, and VCU has begun repaying this money.

### **Wind Power America Program**

#### **JMU Next Step Program**

Funding: \$24,735

The Division of Energy and James Madison University (JMU) collaborated to conduct a statewide program to provide technical assistance and outreach to the public on Small Wind Power installations. Of a project total of \$56,278, oil overcharge makes up \$24,735. This year \$540.25 in funds were expended on this project, leaving no balance. The project was completed this year.

#### **Virginia Tech Solar House**

Funding: 32,798

The Division of Energy assisted Virginia Tech and the Science Museum of Virginia (SMV) with placement of a student-constructed solar building on the grounds of the Museum, in Richmond, VA. This building was designed and built to compete in the 2005 Solar Decathlon, an international competition sponsored by the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy in partnership with its National Renewable Energy Laboratory. For the 2005 Solar Decathlon, 19 colleges and universities from around the world competed to design, build, and operate a solar-powered house. Virginia Tech won the competition for *Best Architecture*. The most prestigious of all the awards, Architecture, was valued at double the points of all the other competitions. It was cited by the jurors as the most elegant and sophisticated house—a level above all those on the Mall. In this design there was *No Compromise* in enhancing the quality of life while integrating the technical systems of a solar house. This year, \$15,000 was spent to move and place the building at the SMV.

### **Other Programs**

Mr. George P. Willis, Director of the Department of Mines, Minerals and Energy, is the Governor's designee for submitting oil overcharge program plans and reports. Below is a description of approved projects being implemented and administered outside of the Weatherization Assistance Program and State Energy Program areas.

#### **Virginia Department of General Services**

Funding: \$610,000

The Virginia Department of General Services was granted permission to use oil overcharge funds in FY2006 to make selected heating, ventilating, and air conditioning (HVAC), motors, elevator controls, and electrical systems upgrades in the James Monroe, Powers Taylor,

and Supreme Court of Virginia Buildings in the Commonwealth's State Capitol Complex. Funds expended this year totaled 244,437.60.

**The Virginia School for the Deaf and Blind, in Staunton**

Funding: \$814,467

The Virginia School for the Deaf & Blind in Staunton was granted permission to use \$814,467 in oil overcharge funds in FY2003 to make energy efficiency upgrades to their heating system. During this reporting year, the contractor has worked on the punch list items and has made adjustments to bring all systems into compliance with the contract and code requirements. This year \$1,243.60 was expended, leaving a balance of \$117,855.02.

**Program And Project Monitoring**

Virginia receives and deposits all oil overcharge funds to a central account managed by the Department of Planning and Budget. Fund revenues, interest earnings, and allotments are tracked at the 3-digit fund detail. Oil overcharge monies are allotted in one of three ways: (1) a direct appropriation to an agency within the biennial Appropriations Act, (2) project-by-project review and approval, as authorized in language within the biennial Appropriations Act, or (3) the execution of an executive decision brief authorizing fund transfer to support the project.

The Department of Mines, Minerals and Energy monitors and reports on all oil overcharge projects. The Department's Division of Energy coordinates submission of proposed projects for U.S. DOE approval. Field monitoring, in-house computerized tracking of projects, and accounting services are funded as part of the State Energy Program's base grant administrative funds.

All projects contain provisions for adequate accounting of funds and compliance with all applicable federal rules and regulations. All projects implemented through the Division of Energy are evaluated for energy and dollar savings as a component of the project. Projects administered by other state agencies incorporate mandatory provisions for evaluation of energy and dollar savings accruing from project activity.

For all funds expended through a federal program, Virginia follows the prescribed monitoring procedure for each program. For projects which fall outside of these grant programs, the responsible state agency conducts field monitoring and in-house electronic tracking to assure that the funds are expended within the agreements of the court settlements.

