The state of South Dakota has operated the state energy program with the funds awarded yearly by DOE under the formula grant. In addition, the state has used the Petroleum Violation Escrow funds from Exxon to establish a revolving loan program. The state has awarded grants and loans for building retrofits at existing state owned buildings. We have completed an installation of a woody biomass boiler system at the state youth correctional facility. We have also used the loan funds to decentralize the central steam plant at the Human Services Center. We replaced the central system with individual higher efficiency natural gas boilers at individual buildings eliminating the need to transport steam over long distances on the campus. The decentralization eliminated the heat loss associated with the steam distribution system.

The energy program has been successful in reducing energy consumption throughout state government. Due to the reduction in the SEP appropriation over the past few years, the energy office has not been able to fund many potential energy saving projects. However, the American Recovery and Reinvestment Act stimulus funds will provide the necessary funding to move forward with these beneficial projects. The energy office will continue to provide zero interest loans to state agencies to implement energy saving opportunities at their campuses. The campuses will pay the money back to the energy office with the energy savings realized due to the project. This will put the money back into the fund to continue funding projects for many years. Projects with the shortest payback will receive priority in order to revolve the money quickly. The payment is based on the simple payback of the project.

Based on potential projects for the stimulus funds, the energy office should see a 20 times increase in funded projects. The projects will require Architects, Engineers, and general contractors, as well as mechanical, electrical, and temperature control specialists. The Office of the State Engineer and the campuses receiving the funding will also have employees overseeing and managing each project. The funds will retain approximately 40 jobs and create potentially 215, based on the amount of money available to South Dakota. Many of the projects will be outside the two main metropolitan areas and will require the A/E and general contractor to travel to the location, providing local economic stimulation.