



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

FACT SHEET FOR S.B. 1056

energy; water; savings accounts

Purpose

Modifies terms for an energy or water cost savings contract and prescribes a statutory definition for *energy cost savings*.

Background

Statute authorizes the governing body of a municipality or a county to establish an energy water savings account consisting of pooled capital investment monies for the incremental costs of energy or water savings measures in public facilities. A contract for energy or water savings measures must contain an agreement between the qualified provider and the energy or water savings company that both parties have performed a reasonable investigation to determine that the measures included in the contract will result in stated energy or water savings. Current statute allows the contract terms to extend the period of the capital investment repayment schedule, up to the term of the contract, which is limited to 15 years (A.R.S. §§ [9-499.16](#) & [11-254.08](#)).

Additionally, statute authorizes a school district or a group of multiple school districts to contract for the procurement of a guaranteed energy cost savings contract if the school district determines that the energy savings project will pay for itself within the expected life of the measures implemented. Current statute allows the contract terms to extend for the shorter of the term of the financial agreement or 25 years ([A.R.S. § 15-213.01](#)).

For the purposes of the employment of a guaranteed energy cost savings contract, an *agent* means any county, city or town, or officer, board or commission of any county or municipality, and irrigation, power, electrical, drainage, flood protection and flood control districts, tax levying public improvement districts and county or city improvement districts, and includes an authorized party acting on behalf of an agent ([A.R.S. § 34-101](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Limits, to 25 years rather than 15 years or for the term of the financial agreement, the maximum term for a contract and repayment agreement between a city, town, county or agent and an energy or water services company to implement energy or water savings measures.
2. Includes other costs and revenue in determination of energy or water costs estimated to be achieved by the implemented energy or water savings measures or services.
3. Allows a school district or agent to use a shorter capital repayment schedule.

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4. Removes the requirement that a city, town or county transfer payment monies for an energy or water savings contract from the maintenance and operation portion of the budget to the energy and water savings account on a monthly basis.
5. Requires the following to be submitted to the Arizona Department of Administration, rather than the Governor's Office of Energy Policy:
 - a) the study conducted by the qualified provider contracted by a school district or agent to establish the scope of a guaranteed energy cost savings contract, the fixed cost savings guarantee amount and the methodology for determining actual savings; and
 - b) required information reported for all school district guaranteed energy cost savings projects.
6. Defines energy cost savings as one or both of:
 - a) an estimated reduction in net fuel costs, energy costs, water costs, storm water fees or other utility costs, or related net operating costs, including costs for anticipated equipment replacement and repair, from or as compared to an established baseline of these costs; and
 - b) an estimated revenue increase associated with additional facility use or the use of improved meters or other measuring devices due to improvements included in the guaranteed energy cost savings contract.
7. Makes technical and conforming changes.
8. Becomes effective on the general effective date.

Prepared by Senate Research

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