

Calendar No. 73

115TH CONGRESS
1ST SESSION

S. 385

[Report No. 115–60]

To promote energy savings in residential buildings and industry, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 15, 2017

Mr. PORTMAN (for himself, Mrs. SHAHEEN, Mr. COONS, Mr. WICKER, Mr. FRANKEN, Ms. COLLINS, Mr. MANCHIN, Mr. BENNET, Mr. WARNER, Ms. HEITKAMP, and Mr. HELLER) introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

MAY 10, 2017

Reported by Ms. MURKOWSKI, without amendment

A BILL

To promote energy savings in residential buildings and industry, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Energy Savings and Industrial Competitiveness Act”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definition of Secretary.

TITLE I—BUILDINGS

Subtitle A—Building Energy Codes

- Sec. 101. Greater energy efficiency in building codes.

Subtitle B—Worker Training and Capacity Building

- Sec. 111. Building training and assessment centers.
- Sec. 112. Career skills training.

Subtitle C—School Buildings

- Sec. 121. Coordination of energy retrofitting assistance for schools.

TITLE II—INDUSTRIAL EFFICIENCY AND COMPETITIVENESS

Subtitle A—Manufacturing Energy Efficiency

- Sec. 201. Purposes.
- Sec. 202. Future of Industry program.
- Sec. 203. Sustainable manufacturing initiative.
- Sec. 204. Conforming amendments.

Subtitle B—Supply Star

- Sec. 211. Supply Star.

Subtitle C—Extended Product System Rebate Program

- Sec. 221. Extended product system rebate program.

Subtitle D—Transformer Rebate Program

- Sec. 231. Energy efficient transformer rebate program.

TITLE III—FEDERAL AGENCY ENERGY EFFICIENCY

- Sec. 301. Energy-efficient and energy-saving information technologies.
- Sec. 302. Energy efficient data centers.
- Sec. 303. Budget-neutral demonstration program for energy and water conservation improvements at multifamily residential units.

TITLE IV—REGULATORY PROVISIONS

Subtitle A—Third-Party Certification Under Energy Star Program

- Sec. 401. Third-Party Certification Under Energy Star Program.

Subtitle B—Federal Green Buildings

- Sec. 411. High-performance green Federal buildings.

Subtitle C—Energy Performance Requirement for Federal Buildings

- Sec. 421. Energy performance requirement for Federal buildings.
 Sec. 422. Federal building energy efficiency performance standards; certification system and level for green buildings.
 Sec. 423. Enhanced energy efficiency underwriting.

TITLE V—MISCELLANEOUS

- Sec. 501. Budgetary effects.
 Sec. 502. Advance appropriations required.

1 **SEC. 2. DEFINITION OF SECRETARY.**

2 In this Act, the term “Secretary” means the Sec-
 3 retary of Energy.

4 **TITLE I—BUILDINGS**

5 **Subtitle A—Building Energy Codes**

6 **SEC. 101. GREATER ENERGY EFFICIENCY IN BUILDING**
 7 **CODES.**

8 (a) DEFINITIONS.—Section 303 of the Energy Con-
 9 servation and Production Act (42 U.S.C. 6832) is amend-
 10 ed—

11 (1) by striking paragraph (14) and inserting
 12 the following:

13 “(14) MODEL BUILDING ENERGY CODE.—The
 14 term ‘model building energy code’ means a voluntary
 15 building energy code and standards developed and
 16 updated through a consensus process among inter-
 17 ested persons, such as the IECC or the code used
 18 by—

1 “(A) the Council of American Building Of-
 2 ficials, or its legal successor, International Code
 3 Council, Inc.;

4 “(B) the American Society of Heating, Re-
 5 frigerating, and Air-Conditioning Engineers; or

6 “(C) other appropriate organizations.”;

7 and

8 (2) by adding at the end the following:

9 “(17) IECC.—The term ‘IECC’ means the
 10 International Energy Conservation Code.

11 “(18) INDIAN TRIBE.—The term ‘Indian tribe’
 12 has the meaning given the term in section 4 of the
 13 Native American Housing Assistance and Self-De-
 14 termination Act of 1996 (25 U.S.C. 4103).”.

15 (b) STATE BUILDING ENERGY EFFICIENCY
 16 CODES.—Section 304 of the Energy Conservation and
 17 Production Act (42 U.S.C. 6833) is amended to read as
 18 follows:

19 **“SEC. 304. UPDATING STATE BUILDING ENERGY EFFI-
 20 CIENCY CODES.**

21 “(a) IN GENERAL.—The Secretary shall—

22 “(1) encourage and support the adoption of
 23 building energy codes by States, Indian tribes, and,
 24 as appropriate, by local governments that meet or

1 exceed the model building energy codes, or achieve
2 equivalent or greater energy savings; and

3 “(2) support full compliance with the State and
4 local codes.

5 “(b) STATE AND INDIAN TRIBE CERTIFICATION OF
6 BUILDING ENERGY CODE UPDATES.—

7 “(1) REVIEW AND UPDATING OF CODES BY
8 EACH STATE AND INDIAN TRIBE.—

9 “(A) IN GENERAL.—Not later than 2 years
10 after the date on which a model building energy
11 code is updated, each State or Indian tribe shall
12 certify whether or not the State or Indian tribe,
13 respectively, has reviewed and updated the en-
14 ergy provisions of the building code of the State
15 or Indian tribe, respectively.

16 “(B) DEMONSTRATION.—The certification
17 shall include a demonstration of whether or not
18 the energy savings for the code provisions that
19 are in effect throughout the State or Indian
20 tribal territory meet or exceed—

21 “(i) the energy savings of the updated
22 model building energy code; or

23 “(ii) the targets established under sec-
24 tion 307(b)(2).

1 “(C) NO MODEL BUILDING ENERGY CODE
 2 UPDATE.—If a model building energy code is
 3 not updated by a target date established under
 4 section 307(b)(2)(D), each State or Indian tribe
 5 shall, not later than 2 years after the specified
 6 date, certify whether or not the State or Indian
 7 tribe, respectively, has reviewed and updated
 8 the energy provisions of the building code of the
 9 State or Indian tribe, respectively, to meet or
 10 exceed the target in section 307(b)(2).

11 “(2) VALIDATION BY SECRETARY.—Not later
 12 than 90 days after a State or Indian tribe certifi-
 13 cation under paragraph (1), the Secretary shall—

14 “(A) determine whether the code provi-
 15 sions of the State or Indian tribe, respectively,
 16 meet the criteria specified in paragraph (1);
 17 and

18 “(B) if the determination is positive, vali-
 19 date the certification.

20 “(c) IMPROVEMENTS IN COMPLIANCE WITH BUILD-
 21 ING ENERGY CODES.—

22 “(1) REQUIREMENT.—

23 “(A) IN GENERAL.—Not later than 3 years
 24 after the date of a certification under sub-
 25 section (b), each State and Indian tribe shall

1 certify whether or not the State and Indian
2 tribe, respectively, has—

3 “(i) achieved full compliance under
4 paragraph (3) with the applicable certified
5 State and Indian tribe building energy
6 code or with the associated model building
7 energy code; or

8 “(ii) made significant progress under
9 paragraph (4) toward achieving compliance
10 with the applicable certified State and In-
11 dian tribe building energy code or with the
12 associated model building energy code.

13 “(B) REPEAT CERTIFICATIONS.—If the
14 State or Indian tribe certifies progress toward
15 achieving compliance, the State or Indian tribe
16 shall repeat the certification until the State or
17 Indian tribe certifies that the State or Indian
18 tribe has achieved full compliance, respectively.

19 “(2) MEASUREMENT OF COMPLIANCE.—A cer-
20 tification under paragraph (1) shall include docu-
21 mentation of the rate of compliance based on—

22 “(A) independent inspections of a random
23 sample of the buildings covered by the code in
24 the preceding year; or

1 “(B) an alternative method that yields an
2 accurate measure of compliance.

3 “(3) ACHIEVEMENT OF COMPLIANCE.—A State
4 or Indian tribe shall be considered to achieve full
5 compliance under paragraph (1) if—

6 “(A) at least 90 percent of building space
7 covered by the code in the preceding year sub-
8 stantially meets all the requirements of the ap-
9 plicable code specified in paragraph (1), or
10 achieves equivalent or greater energy savings
11 level; or

12 “(B) the estimated excess energy use of
13 buildings that did not meet the applicable code
14 specified in paragraph (1) in the preceding
15 year, compared to a baseline of comparable
16 buildings that meet this code, is not more than
17 5 percent of the estimated energy use of all
18 buildings covered by this code during the pre-
19 ceding year.

20 “(4) SIGNIFICANT PROGRESS TOWARD
21 ACHIEVEMENT OF COMPLIANCE.—A State or Indian
22 tribe shall be considered to have made significant
23 progress toward achieving compliance for purposes
24 of paragraph (1) if the State or Indian tribe—

1 “(A) has developed and is implementing a
2 plan for achieving compliance during the 8-
3 year-period beginning on the date of enactment
4 of this paragraph, including annual targets for
5 compliance and active training and enforcement
6 programs; and

7 “(B) has met the most recent target under
8 subparagraph (A).

9 “(5) VALIDATION BY SECRETARY.—Not later
10 than 90 days after a State or Indian tribe certifi-
11 cation under paragraph (1), the Secretary shall—

12 “(A) determine whether the State or In-
13 dian tribe has demonstrated meeting the cri-
14 teria of this subsection, including accurate
15 measurement of compliance; and

16 “(B) if the determination is positive, vali-
17 date the certification.

18 “(d) STATES OR INDIAN TRIBES THAT DO NOT
19 ACHIEVE COMPLIANCE.—

20 “(1) REPORTING.—A State or Indian tribe that
21 has not made a certification required under sub-
22 section (b) or (c) by the applicable deadline shall
23 submit to the Secretary a report on—

1 “(A) the status of the State or Indian tribe
2 with respect to meeting the requirements and
3 submitting the certification; and

4 “(B) a plan for meeting the requirements
5 and submitting the certification.

6 “(2) FEDERAL SUPPORT.—For any State or In-
7 dian tribe for which the Secretary has not validated
8 a certification by a deadline under subsection (b) or
9 (c), the lack of the certification may be a consider-
10 ation for Federal support authorized under this sec-
11 tion for code adoption and compliance activities.

12 “(3) LOCAL GOVERNMENT.—In any State or
13 Indian tribe for which the Secretary has not vali-
14 dated a certification under subsection (b) or (c), a
15 local government may be eligible for Federal support
16 by meeting the certification requirements of sub-
17 sections (b) and (c).

18 “(4) ANNUAL REPORTS BY SECRETARY.—

19 “(A) IN GENERAL.—The Secretary shall
20 annually submit to Congress, and publish in the
21 Federal Register, a report on—

22 “(i) the status of model building en-
23 ergy codes;

24 “(ii) the status of code adoption and
25 compliance in the States and Indian tribes;

1 “(iii) implementation of this section;

2 and

3 “(iv) improvements in energy savings

4 over time as result of the targets estab-

5 lished under section 307(b)(2).

6 “(B) IMPACTS.—The report shall include

7 estimates of impacts of past action under this

8 section, and potential impacts of further action,

9 on—

10 “(i) upfront financial and construction

11 costs, cost benefits and returns (using in-

12 vestment analysis), and lifetime energy use

13 for buildings;

14 “(ii) resulting energy costs to individ-

15 uals and businesses; and

16 “(iii) resulting overall annual building

17 ownership and operating costs.

18 “(e) TECHNICAL ASSISTANCE TO STATES AND IN-

19 DIAN TRIBES.—The Secretary shall provide technical as-

20 sistance to States and Indian tribes to implement the goals

21 and requirements of this section, including procedures and

22 technical analysis for States and Indian tribes—

23 “(1) to improve and implement State residential

24 and commercial building energy codes;

1 “(2) to demonstrate that the code provisions of
2 the States and Indian tribes achieve equivalent or
3 greater energy savings than the model building en-
4 ergy codes and targets;

5 “(3) to document the rate of compliance with a
6 building energy code; and

7 “(4) to otherwise promote the design and con-
8 struction of energy efficient buildings.

9 “(f) AVAILABILITY OF INCENTIVE FUNDING.—

10 “(1) IN GENERAL.—The Secretary shall provide
11 incentive funding to States and Indian tribes—

12 “(A) to implement the requirements of this
13 section;

14 “(B) to improve and implement residential
15 and commercial building energy codes, including
16 increasing and verifying compliance with the
17 codes and training of State, tribal, and local
18 building code officials to implement and enforce
19 the codes; and

20 “(C) to promote building energy efficiency
21 through the use of the codes.

22 “(2) ADDITIONAL FUNDING.—Additional fund-
23 ing shall be provided under this subsection for im-
24 plementation of a plan to achieve and document full

1 compliance with residential and commercial building
2 energy codes under subsection (c)—

3 “(A) to a State or Indian tribe for which
4 the Secretary has validated a certification under
5 subsection (b) or (c); and

6 “(B) in a State or Indian tribe that is not
7 eligible under subparagraph (A), to a local gov-
8 ernment that is eligible under this section.

9 “(3) TRAINING.—Of the amounts made avail-
10 able under this subsection, the State or Indian tribe
11 may use amounts required, but not to exceed
12 \$750,000 for a State, to train State and local build-
13 ing code officials to implement and enforce codes de-
14 scribed in paragraph (2).

15 “(4) LOCAL GOVERNMENTS.—States may share
16 grants under this subsection with local governments
17 that implement and enforce the codes.

18 “(g) STRETCH CODES AND ADVANCED STAND-
19 ARDS.—

20 “(1) IN GENERAL.—The Secretary shall provide
21 technical and financial support for the development
22 of stretch codes and advanced standards for residen-
23 tial and commercial buildings for use as—

1 “(A) an option for adoption as a building
2 energy code by local, tribal, or State govern-
3 ments; and

4 “(B) guidelines for energy-efficient build-
5 ing design.

6 “(2) TARGETS.—The stretch codes and ad-
7 vanced standards shall be designed—

8 “(A) to achieve substantial energy savings
9 compared to the model building energy codes;
10 and

11 “(B) to meet targets under section 307(b),
12 if available, at least 3 to 6 years in advance of
13 the target years.

14 “(h) STUDIES.—The Secretary, in consultation with
15 building science experts from the National Laboratories
16 and institutions of higher education, designers and build-
17 ers of energy-efficient residential and commercial build-
18 ings, code officials, and other stakeholders, shall under-
19 take a study of the feasibility, impact, economics, and
20 merit of—

21 “(1) code improvements that would require that
22 buildings be designed, sited, and constructed in a
23 manner that makes the buildings more adaptable in
24 the future to become zero-net-energy after initial

1 construction, as advances are achieved in energy-sav-
2 ing technologies;

3 “(2) code procedures to incorporate measured
4 lifetimes, not just first-year energy use, in trade-offs
5 and performance calculations; and

6 “(3) legislative options for increasing energy
7 savings from building energy codes, including addi-
8 tional incentives for effective State and local action,
9 and verification of compliance with and enforcement
10 of a code other than by a State or local government.

11 “(i) EFFECT ON OTHER LAWS.—Nothing in this sec-
12 tion or section 307 supersedes or modifies the application
13 of sections 321 through 346 of the Energy Policy and
14 Conservation Act (42 U.S.C. 6291 et seq.).

15 “(j) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated to carry out this section
17 and section 307 \$200,000,000, to remain available until
18 expended.”.

19 (c) FEDERAL BUILDING ENERGY EFFICIENCY
20 STANDARDS.—Section 305 of the Energy Conservation
21 and Production Act (42 U.S.C. 6834) is amended by strik-
22 ing “voluntary building energy code” each place it appears
23 in subsections (a)(2)(B) and (b) and inserting “model
24 building energy code”.

1 (d) MODEL BUILDING ENERGY CODES.—Section 307
2 of the Energy Conservation and Production Act (42
3 U.S.C. 6836) is amended to read as follows:

4 **“SEC. 307. SUPPORT FOR MODEL BUILDING ENERGY**
5 **CODES.**

6 “(a) IN GENERAL.—The Secretary shall support the
7 updating of model building energy codes.

8 “(b) TARGETS.—

9 “(1) IN GENERAL.—The Secretary shall sup-
10 port the updating of the model building energy codes
11 to enable the achievement of aggregate energy sav-
12 ings targets established under paragraph (2).

13 “(2) TARGETS.—

14 “(A) IN GENERAL.—The Secretary shall
15 work with State, Indian tribes, local govern-
16 ments, nationally recognized code and stand-
17 ards developers, and other interested parties to
18 support the updating of model building energy
19 codes by establishing one or more aggregate en-
20 ergy savings targets to achieve the purposes of
21 this section.

22 “(B) SEPARATE TARGETS.—The Secretary
23 may establish separate targets for commercial
24 and residential buildings.

1 “(C) BASELINES.—The baseline for updat-
2 ing model building energy codes shall be the
3 2009 IECC for residential buildings and
4 ASHRAE Standard 90.1–2010 for commercial
5 buildings.

6 “(D) SPECIFIC YEARS.—

7 “(i) IN GENERAL.—Targets for spe-
8 cific years shall be established and revised
9 by the Secretary through rulemaking and
10 coordinated with nationally recognized code
11 and standards developers at a level that—

12 “(I) is at the maximum level of
13 energy efficiency that is techno-
14 logically feasible and life-cycle cost ef-
15 fective, while accounting for the eco-
16 nomic considerations under paragraph
17 (4);

18 “(II) is higher than the preceding
19 target; and

20 “(III) promotes the achievement
21 of commercial and residential high-
22 performance buildings through high
23 performance energy efficiency (within
24 the meaning of section 401 of the En-

1 energy Independence and Security Act
2 of 2007 (42 U.S.C. 17061)).

3 “(ii) INITIAL TARGETS.—Not later
4 than 1 year after the date of enactment of
5 this clause, the Secretary shall establish
6 initial targets under this subparagraph.

7 “(iii) DIFFERENT TARGET YEARS.—
8 Subject to clause (i), prior to the applica-
9 ble year, the Secretary may set a later tar-
10 get year for any of the model building en-
11 ergy codes described in subparagraph (A)
12 if the Secretary determines that a target
13 cannot be met.

14 “(iv) SMALL BUSINESS.—When estab-
15 lishing targets under this paragraph
16 through rulemaking, the Secretary shall
17 ensure compliance with the Small Business
18 Regulatory Enforcement Fairness Act of
19 1996 (5 U.S.C. 601 note; Public Law 104-
20 121).

21 “(3) APPLIANCE STANDARDS AND OTHER FAC-
22 TORS AFFECTING BUILDING ENERGY USE.—In es-
23 tablishing building code targets under paragraph
24 (2), the Secretary shall develop and adjust the tar-

1 gets in recognition of potential savings and costs re-
2 lating to—

3 “(A) efficiency gains made in appliances,
4 lighting, windows, insulation, and building enve-
5 lope sealing;

6 “(B) advancement of distributed genera-
7 tion and on-site renewable power generation
8 technologies;

9 “(C) equipment improvements for heating,
10 cooling, and ventilation systems;

11 “(D) building management systems and
12 SmartGrid technologies to reduce energy use;
13 and

14 “(E) other technologies, practices, and
15 building systems that the Secretary considers
16 appropriate regarding building plug load and
17 other energy uses.

18 “(4) ECONOMIC CONSIDERATIONS.—In estab-
19 lishing and revising building code targets under
20 paragraph (2), the Secretary shall consider the eco-
21 nomic feasibility of achieving the proposed targets
22 established under this section and the potential costs
23 and savings for consumers and building owners, in-
24 cluding a return on investment analysis.

1 “(c) TECHNICAL ASSISTANCE TO MODEL BUILDING
2 ENERGY CODE-SETTING AND STANDARD DEVELOPMENT
3 ORGANIZATIONS.—

4 “(1) IN GENERAL.—The Secretary shall, on a
5 timely basis, provide technical assistance to model
6 building energy code-setting and standard develop-
7 ment organizations consistent with the goals of this
8 section.

9 “(2) ASSISTANCE.—The assistance shall in-
10 clude, as requested by the organizations, technical
11 assistance in—

12 “(A) evaluating code or standards pro-
13 posals or revisions;

14 “(B) building energy analysis and design
15 tools;

16 “(C) building demonstrations;

17 “(D) developing definitions of energy use
18 intensity and building types for use in model
19 building energy codes to evaluate the efficiency
20 impacts of the model building energy codes;

21 “(E) performance-based standards;

22 “(F) evaluating economic considerations
23 under subsection (b)(4); and

1 “(G) developing model building energy
2 codes by Indian tribes in accordance with tribal
3 law.

4 “(3) AMENDMENT PROPOSALS.—The Secretary
5 may submit timely model building energy code
6 amendment proposals to the model building energy
7 code-setting and standard development organiza-
8 tions, with supporting evidence, sufficient to enable
9 the model building energy codes to meet the targets
10 established under subsection (b)(2).

11 “(4) ANALYSIS METHODOLOGY.—The Secretary
12 shall make publicly available the entire calculation
13 methodology (including input assumptions and data)
14 used by the Secretary to estimate the energy savings
15 of code or standard proposals and revisions.

16 “(d) DETERMINATION.—

17 “(1) REVISION OF MODEL BUILDING ENERGY
18 CODES.—If the provisions of the IECC or ASHRAE
19 Standard 90.1 regarding building energy use are re-
20 vised, the Secretary shall make a preliminary deter-
21 mination not later than 90 days after the date of the
22 revision, and a final determination not later than 15
23 months after the date of the revision, on whether or
24 not the revision will—

1 “(A) improve energy efficiency in buildings
2 compared to the existing model building energy
3 code; and

4 “(B) meet the applicable targets under
5 subsection (b)(2).

6 “(2) CODES OR STANDARDS NOT MEETING TAR-
7 GETS.—

8 “(A) IN GENERAL.—If the Secretary
9 makes a preliminary determination under para-
10 graph (1)(B) that a code or standard does not
11 meet the targets established under subsection
12 (b)(2), the Secretary may at the same time pro-
13 vide the model building energy code or standard
14 developer with proposed changes that would re-
15 sult in a model building energy code that meets
16 the targets and with supporting evidence, tak-
17 ing into consideration—

18 “(i) whether the modified code is tech-
19 nically feasible and life-cycle cost effective;

20 “(ii) available appliances, technologies,
21 materials, and construction practices; and

22 “(iii) the economic considerations
23 under subsection (b)(4).

24 “(B) INCORPORATION OF CHANGES.—

1 “(i) IN GENERAL.—On receipt of the
2 proposed changes, the model building en-
3 ergy code or standard developer shall have
4 an additional 270 days to accept or reject
5 the proposed changes of the Secretary to
6 the model building energy code or standard
7 for the Secretary to make a final deter-
8 mination.

9 “(ii) FINAL DETERMINATION.—A
10 final determination under paragraph (1)
11 shall be on the modified model building en-
12 ergy code or standard.

13 “(e) ADMINISTRATION.—In carrying out this section,
14 the Secretary shall—

15 “(1) publish notice of targets and supporting
16 analysis and determinations under this section in the
17 Federal Register to provide an explanation of and
18 the basis for such actions, including any supporting
19 modeling, data, assumptions, protocols, and cost-
20 benefit analysis, including return on investment; and

21 “(2) provide an opportunity for public comment
22 on targets and supporting analysis and determina-
23 tions under this section.

24 “(f) VOLUNTARY CODES AND STANDARDS.—Not-
25 withstanding any other provision of this section, any

1 model building code or standard established under section
2 304 shall not be binding on a State, local government, or
3 Indian tribe as a matter of Federal law.”.

4 **Subtitle B—Worker Training and** 5 **Capacity Building**

6 **SEC. 111. BUILDING TRAINING AND ASSESSMENT CENTERS.**

7 (a) IN GENERAL.—The Secretary shall provide
8 grants to institutions of higher education (as defined in
9 section 101 of the Higher Education Act of 1965 (20
10 U.S.C. 1001)) and Tribal Colleges or Universities (as de-
11 fined in section 316(b) of that Act (20 U.S.C. 1059c(b)))
12 to establish building training and assessment centers—

13 (1) to identify opportunities for optimizing en-
14 ergy efficiency and environmental performance in
15 buildings;

16 (2) to promote the application of emerging con-
17 cepts and technologies in commercial and institu-
18 tional buildings;

19 (3) to train engineers, architects, building sci-
20 entists, building energy permitting and enforcement
21 officials, and building technicians in energy-efficient
22 design and operation;

23 (4) to assist institutions of higher education
24 and Tribal Colleges or Universities in training build-
25 ing technicians;

1 (5) to promote research and development for
2 the use of alternative energy sources and distributed
3 generation to supply heat and power for buildings,
4 particularly energy-intensive buildings; and

5 (6) to coordinate with and assist State-accred-
6 ited technical training centers, community colleges,
7 Tribal Colleges or Universities, and local offices of
8 the National Institute of Food and Agriculture and
9 ensure appropriate services are provided under this
10 section to each region of the United States.

11 (b) COORDINATION AND NONDUPLICATION.—

12 (1) IN GENERAL.—The Secretary shall coordi-
13 nate the program with the industrial research and
14 assessment centers program and with other Federal
15 programs to avoid duplication of effort.

16 (2) COLLOCATION.—To the maximum extent
17 practicable, building, training, and assessment cen-
18 ters established under this section shall be collocated
19 with Industrial Assessment Centers.

20 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
21 authorized to be appropriated to carry out this section
22 \$10,000,000, to remain available until expended.

23 **SEC. 112. CAREER SKILLS TRAINING.**

24 (a) IN GENERAL.—The Secretary shall pay grants to
25 eligible entities described in subsection (b) to pay the Fed-

1 eral share of associated career skills training programs
 2 under which students concurrently receive classroom in-
 3 struction and on-the-job training for the purpose of ob-
 4 taining an industry-related certification to install energy
 5 efficient buildings technologies, including technologies de-
 6 scribed in section 307(b)(3) of the Energy Conservation
 7 and Production Act (42 U.S.C. 6836(b)(3)).

8 (b) ELIGIBILITY.—To be eligible to obtain a grant
 9 under subsection (a), an entity shall be a nonprofit part-
 10 nership described in section 171(e)(2)(B)(ii) of the Work-
 11 force Investment Act of 1998 (29 U.S.C.
 12 2916(e)(2)(B)(ii)).

13 (c) FEDERAL SHARE.—The Federal share of the cost
 14 of carrying out a career skills training program described
 15 in subsection (a) shall be 50 percent.

16 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
 17 authorized to be appropriated to carry out this section
 18 \$10,000,000, to remain available until expended.

19 **Subtitle C—School Buildings**

20 **SEC. 121. COORDINATION OF ENERGY RETROFITTING AS-** 21 **SISTANCE FOR SCHOOLS.**

22 (a) DEFINITION OF SCHOOL.—In this section, the
 23 term “school” means—

24 (1) an elementary school or secondary school
 25 (as defined in section 8101 of the Elementary and

1 Secondary Education Act of 1965 (20 U.S.C.
2 7801));

3 (2) an institution of higher education (as de-
4 fined in section 102(a) of the Higher Education Act
5 of 1965 (20 U.S.C. 1002(a)));

6 (3) a school of the defense dependents' edu-
7 cation system under the Defense Dependents' Edu-
8 cation Act of 1978 (20 U.S.C. 921 et seq.) or estab-
9 lished under section 2164 of title 10, United States
10 Code;

11 (4) a school operated by the Bureau of Indian
12 Affairs;

13 (5) a tribally controlled school (as defined in
14 section 5212 of the Tribally Controlled Schools Act
15 of 1988 (25 U.S.C. 2511)); and

16 (6) a Tribal College or University (as defined in
17 section 316(b) of the Higher Education Act of 1965
18 (20 U.S.C. 1059c(b))).

19 (b) DESIGNATION OF LEAD AGENCY.—The Sec-
20 retary, acting through the Office of Energy Efficiency and
21 Renewable Energy, shall act as the lead Federal agency
22 for coordinating and disseminating information on exist-
23 ing Federal programs and assistance that may be used
24 to help initiate, develop, and finance energy efficiency, re-

1 newable energy, and energy retrofitting projects for
2 schools.

3 (c) REQUIREMENTS.—In carrying out coordination
4 and outreach under subsection (b), the Secretary shall—

5 (1) in consultation and coordination with the
6 appropriate Federal agencies, carry out a review of
7 existing programs and financing mechanisms (in-
8 cluding revolving loan funds and loan guarantees)
9 available in or from the Department of Agriculture,
10 the Department of Energy, the Department of Edu-
11 cation, the Department of the Treasury, the Internal
12 Revenue Service, the Environmental Protection
13 Agency, and other appropriate Federal agencies with
14 jurisdiction over energy financing and facilitation
15 that are currently used or may be used to help ini-
16 tiate, develop, and finance energy efficiency, renew-
17 able energy, and energy retrofitting projects for
18 schools;

19 (2) establish a Federal cross-departmental col-
20 laborative coordination, education, and outreach ef-
21 fort to streamline communication and promote avail-
22 able Federal opportunities and assistance described
23 in paragraph (1), for energy efficiency, renewable
24 energy, and energy retrofitting projects that enables
25 States, local educational agencies, and schools—

1 (A) to use existing Federal opportunities
2 more effectively; and

3 (B) to form partnerships with Governors,
4 State energy programs, local educational, finan-
5 cial, and energy officials, State and local gov-
6 ernment officials, nonprofit organizations, and
7 other appropriate entities, to support the initi-
8 ation of the projects;

9 (3) provide technical assistance for States, local
10 educational agencies, and schools to help develop
11 and finance energy efficiency, renewable energy, and
12 energy retrofitting projects—

13 (A) to increase the energy efficiency of
14 buildings or facilities;

15 (B) to install systems that individually
16 generate energy from renewable energy re-
17 sources;

18 (C) to establish partnerships to leverage
19 economies of scale and additional financing
20 mechanisms available to larger clean energy ini-
21 tiatives; or

22 (D) to promote—

23 (i) the maintenance of health, environ-
24 mental quality, and safety in schools, in-
25 cluding the ambient air quality, through

1 energy efficiency, renewable energy, and
2 energy retrofit projects; and

3 (ii) the achievement of expected en-
4 ergy savings and renewable energy produc-
5 tion through proper operations and main-
6 tenance practices;

7 (4) develop and maintain a single online re-
8 source website with contact information for relevant
9 technical assistance and support staff in the Office
10 of Energy Efficiency and Renewable Energy for
11 States, local educational agencies, and schools to ef-
12 fectively access and use Federal opportunities and
13 assistance described in paragraph (1) to develop en-
14 ergy efficiency, renewable energy, and energy retro-
15 fitting projects; and

16 (5) establish a process for recognition of schools
17 that—

18 (A) have successfully implemented energy
19 efficiency, renewable energy, and energy retro-
20 fitting projects; and

21 (B) are willing to serve as resources for
22 other local educational agencies and schools to
23 assist initiation of similar efforts.

24 (d) REPORT.—Not later than 180 days after the date
25 of enactment of this Act, the Secretary shall submit to

1 Congress a report describing the implementation of this
2 section.

3 **TITLE II—INDUSTRIAL EFFI-**
4 **CIENCY AND COMPETITIVE-**
5 **NESS**

6 **Subtitle A—Manufacturing Energy**
7 **Efficiency**

8 **SEC. 201. PURPOSES.**

9 The purposes of this subtitle are—

10 (1) to reform and reorient the industrial effi-
11 ciency programs of the Department of Energy;

12 (2) to establish a clear and consistent authority
13 for industrial efficiency programs of the Depart-
14 ment;

15 (3) to accelerate the deployment of technologies
16 and practices that will increase industrial energy ef-
17 ficiency and improve productivity;

18 (4) to accelerate the development and dem-
19 onstration of technologies that will assist the deploy-
20 ment goals of the industrial efficiency programs of
21 the Department and increase manufacturing effi-
22 ciency;

23 (5) to stimulate domestic economic growth and
24 improve industrial productivity and competitiveness;
25 and

1 (6) to strengthen partnerships between Federal
2 and State governmental agencies and the private
3 and academic sectors.

4 **SEC. 202. FUTURE OF INDUSTRY PROGRAM.**

5 (a) IN GENERAL.—Section 452 of the Energy Inde-
6 pendence and Security Act of 2007 (42 U.S.C. 17111) is
7 amended by striking the section heading and inserting the
8 following: “**FUTURE OF INDUSTRY PROGRAM**”.

9 (b) DEFINITION OF ENERGY SERVICE PROVIDER.—
10 Section 452(a) of the Energy Independence and Security
11 Act of 2007 (42 U.S.C. 17111(a)) is amended—

12 (1) by redesignating paragraphs (3) through
13 (5) as paragraphs (4) through (6), respectively; and
14 (2) by inserting after paragraph (2):

15 “(3) ENERGY SERVICE PROVIDER.—The term
16 ‘energy service provider’ means any business pro-
17 viding technology or services to improve the energy
18 efficiency, water efficiency, power factor, or load
19 management of a manufacturing site or other indus-
20 trial process in an energy-intensive industry, or any
21 utility operating under a utility energy service
22 project.”.

23 (c) INDUSTRIAL RESEARCH AND ASSESSMENT CEN-
24 TERS.—Section 452(e) of the Energy Independence and
25 Security Act of 2007 (42 U.S.C. 17111(e)) is amended—

1 (1) by redesignating paragraphs (1) through
2 (5) as subparagraphs (A) through (E), respectively,
3 and indenting appropriately;

4 (2) by striking “The Secretary” and inserting
5 the following:

6 “(1) IN GENERAL.—The Secretary”;

7 (3) in subparagraph (A) (as redesignated by
8 paragraph (1)), by inserting before the semicolon at
9 the end the following: “, including assessments of
10 sustainable manufacturing goals and the implemen-
11 tation of information technology advancements for
12 supply chain analysis, logistics, system monitoring,
13 industrial and manufacturing processes, and other
14 purposes”; and

15 (4) by adding at the end the following:

16 “(2) COORDINATION.—

17 “(A) IN GENERAL.—To increase the value
18 and capabilities of the industrial research and
19 assessment centers, the centers shall—

20 “(i) coordinate with Manufacturing
21 Extension Partnership Centers of the Na-
22 tional Institute of Standards and Tech-
23 nology;

24 “(ii) coordinate with the Building
25 Technologies Program of the Department

1 of Energy to provide building assessment
2 services to manufacturers;

3 “(iii) increase partnerships with the
4 National Laboratories of the Department
5 of Energy to leverage the expertise and
6 technologies of the National Laboratories
7 for national industrial and manufacturing
8 needs;

9 “(iv) increase partnerships with en-
10 ergy service providers and technology pro-
11 viders to leverage private sector expertise
12 and accelerate deployment of new and ex-
13 isting technologies and processes for en-
14 ergy efficiency, power factor, and load
15 management;

16 “(v) identify opportunities for reduc-
17 ing greenhouse gas emissions; and

18 “(vi) promote sustainable manufac-
19 turing practices for small- and medium-
20 sized manufacturers.

21 “(3) OUTREACH.—The Secretary shall provide
22 funding for—

23 “(A) outreach activities by the industrial
24 research and assessment centers to inform
25 small- and medium-sized manufacturers of the

1 information, technologies, and services avail-
2 able; and

3 “(B) coordination activities by each indus-
4 trial research and assessment center to leverage
5 efforts with—

6 “(i) Federal and State efforts;

7 “(ii) the efforts of utilities and energy
8 service providers;

9 “(iii) the efforts of regional energy ef-
10 ficiency organizations; and

11 “(iv) the efforts of other industrial re-
12 search and assessment centers.

13 “(4) WORKFORCE TRAINING.—

14 “(A) IN GENERAL.—The Secretary shall
15 pay the Federal share of associated internship
16 programs under which students work with or
17 for industries, manufacturers, and energy serv-
18 ice providers to implement the recommendations
19 of industrial research and assessment centers.

20 “(B) FEDERAL SHARE.—The Federal
21 share of the cost of carrying out internship pro-
22 grams described in subparagraph (A) shall be
23 50 percent.

24 “(5) SMALL BUSINESS LOANS.—The Adminis-
25 trator of the Small Business Administration shall, to

1 the maximum extent practicable, expedite consider-
 2 ation of applications from eligible small business
 3 concerns for loans under the Small Business Act (15
 4 U.S.C. 631 et seq.) to implement recommendations
 5 of industrial research and assessment centers estab-
 6 lished under paragraph (1).

7 “(6) **ADVANCED MANUFACTURING STEERING**
 8 **COMMITTEE.**—The Secretary shall establish an advi-
 9 sory steering committee to provide recommendations
 10 to the Secretary on planning and implementation of
 11 the Advanced Manufacturing Office of the Depart-
 12 ment of Energy.”

13 **SEC. 203. SUSTAINABLE MANUFACTURING INITIATIVE.**

14 (a) **IN GENERAL.**—Part E of title III of the Energy
 15 Policy and Conservation Act (42 U.S.C. 6341) is amended
 16 by adding at the end the following:

17 **“SEC. 376. SUSTAINABLE MANUFACTURING INITIATIVE.**

18 “(a) **IN GENERAL.**—As part of the Office of Energy
 19 Efficiency and Renewable Energy, the Secretary, on the
 20 request of a manufacturer, shall conduct onsite technical
 21 assessments to identify opportunities for—

22 “(1) maximizing the energy efficiency of indus-
 23 trial processes and cross-cutting systems;

24 “(2) preventing pollution and minimizing waste;

1 “(3) improving efficient use of water in manu-
2 facturing processes;

3 “(4) conserving natural resources; and

4 “(5) achieving such other goals as the Secretary
5 determines to be appropriate.

6 “(b) COORDINATION.—The Secretary shall carry out
7 the initiative in coordination with the private sector and
8 appropriate agencies, including the National Institute of
9 Standards and Technology, to accelerate adoption of new
10 and existing technologies and processes that improve en-
11 ergy efficiency.

12 “(c) RESEARCH AND DEVELOPMENT PROGRAM FOR
13 SUSTAINABLE MANUFACTURING AND INDUSTRIAL TECH-
14 NOLOGIES AND PROCESSES.—As part of the industrial ef-
15 ficiency programs of the Department of Energy, the Sec-
16 retary shall carry out a joint industry-government partner-
17 ship program to research, develop, and demonstrate new
18 sustainable manufacturing and industrial technologies and
19 processes that maximize the energy efficiency of industrial
20 plants, reduce pollution, and conserve natural resources.”.

21 (b) TABLE OF CONTENTS.—The table of contents of
22 the Energy Policy and Conservation Act (42 U.S.C. prec.
23 6201) is amended by adding at the end of the items relat-
24 ing to part E of title III the following:

“Sec. 376. Sustainable manufacturing initiative.”.

1 **SEC. 204. CONFORMING AMENDMENTS.**

2 (a) Section 106 of the Energy Policy Act of 2005 (42
3 U.S.C. 15811) is repealed.

4 (b) Sections 131, 132, 133, 2103, and 2107 of the
5 Energy Policy Act of 1992 (42 U.S.C. 6348, 6349, 6350,
6 13453, 13456) are repealed.

7 (c) Section 2101(a) of the Energy Policy Act of 1992
8 (42 U.S.C. 13451(a)) is amended in the third sentence
9 by striking “sections 2102, 2103, 2104, 2105, 2106,
10 2107, and 2108” and inserting “sections 2102, 2104,
11 2105, 2106, and 2108 of this Act and section 376 of the
12 Energy Policy and Conservation Act,”.

13 **Subtitle B—Supply Star**

14 **SEC. 211. SUPPLY STAR.**

15 The Energy Policy and Conservation Act is amended
16 by inserting after section 324A (42 U.S.C. 6294a) the fol-
17 lowing:

18 **“SEC. 324B. SUPPLY STAR PROGRAM.**

19 “(a) IN GENERAL.—There is established within the
20 Department of Energy a Supply Star program to identify
21 and promote practices, recognize companies, and, as ap-
22 propriate, recognize products that use highly efficient sup-
23 ply chains in a manner that conserves energy, water, and
24 other resources.

25 “(b) COORDINATION.—In carrying out the program
26 described in subsection (a), the Secretary shall—

1 “(1) consult with other appropriate agencies;
2 and

3 “(2) coordinate efforts with the Energy Star
4 program established under section 324A.

5 “(c) DUTIES.—In carrying out the Supply Star pro-
6 gram described in subsection (a), the Secretary shall—

7 “(1) promote practices, recognize companies,
8 and, as appropriate, recognize products that comply
9 with the Supply Star program as the preferred prac-
10 tices, companies, and products in the marketplace
11 for maximizing supply chain efficiency;

12 “(2) work to enhance industry and public
13 awareness of the Supply Star program;

14 “(3) collect and disseminate data on supply
15 chain energy resource consumption;

16 “(4) develop and disseminate metrics, proc-
17 esses, and analytical tools (including software) for
18 evaluating supply chain energy resource use;

19 “(5) develop guidance at the sector level for im-
20 proving supply chain efficiency;

21 “(6) work with domestic and international orga-
22 nizations to harmonize approaches to analyzing sup-
23 ply chain efficiency, including the development of a
24 consistent set of tools, templates, calculators, and
25 databases; and

1 “(7) work with industry, including small busi-
2 nesses, to improve supply chain efficiency through
3 activities that include—

4 “(A) developing and sharing best practices;
5 and

6 “(B) providing opportunities to benchmark
7 supply chain efficiency.

8 “(d) EVALUATION.—In any evaluation of supply
9 chain efficiency carried out by the Secretary with respect
10 to a specific product, the Secretary shall consider energy
11 consumption and resource use throughout the entire
12 lifecycle of a product, including production, transport,
13 packaging, use, and disposal.

14 “(e) GRANTS AND INCENTIVES.—

15 “(1) IN GENERAL.—The Secretary may award
16 grants or other forms of incentives on a competitive
17 basis to eligible entities, as determined by the Sec-
18 retary, for the purposes of—

19 “(A) studying supply chain energy resource
20 efficiency; and

21 “(B) demonstrating and achieving reduc-
22 tions in the energy resource consumption of
23 commercial products through changes and im-
24 provements to the production supply and dis-
25 tribution chain of the products.

1 “(2) USE OF INFORMATION.—Any information
2 or data generated as a result of the grants or incen-
3 tives described in paragraph (1) shall be used to in-
4 form the development of the Supply Star Program.

5 “(f) TRAINING.—The Secretary shall use funds to
6 support professional training programs to develop and
7 communicate methods, practices, and tools for improving
8 supply chain efficiency.

9 “(g) EFFECT OF OUTSOURCING OF AMERICAN
10 JOBS.—For purposes of this section, the outsourcing of
11 American jobs in the production of a product shall not
12 count as a positive factor in determining supply chain effi-
13 ciency.

14 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
15 is authorized to be appropriated to carry out this section
16 \$10,000,000 for the period of fiscal years 2018 through
17 2027.”.

18 **Subtitle C—Extended Product** 19 **System Rebate Program**

20 **SEC. 221. EXTENDED PRODUCT SYSTEM REBATE PROGRAM.**

21 (a) DEFINITIONS.—In this section:

22 (1) ELECTRIC MOTOR.—The term “electric
23 motor” has the meaning given the term in section
24 431.12 of title 10, Code of Federal Regulations (as
25 in effect on the date of enactment of this Act).

1 (2) ELECTRONIC CONTROL.—The term “elec-
2 tronic control” means—

3 (A) a power converter; or

4 (B) a combination of a power circuit and
5 control circuit included on 1 chassis.

6 (3) EXTENDED PRODUCT SYSTEM.—The term
7 “extended product system” means an electric motor
8 and any required associated electronic control and
9 driven load that—

10 (A) offers variable speed or multispeed op-
11 eration;

12 (B) offers partial load control that reduces
13 input energy requirements (as measured in kilo-
14 watt-hours) as compared to identified base lev-
15 els set by the Secretary; and

16 (C)(i) has greater than 1 horsepower; and

17 (ii) uses an extended product system tech-
18 nology, as determined by the Secretary.

19 (4) QUALIFIED EXTENDED PRODUCT SYS-
20 TEM.—

21 (A) IN GENERAL.—The term “qualified ex-
22 tended product system” means an extended
23 product system that—

24 (i) includes an electric motor and an
25 electronic control; and

1 (ii) reduces the input energy (as
2 measured in kilowatt-hours) required to
3 operate the extended product system by
4 not less than 5 percent, as compared to
5 identified base levels set by the Secretary.

6 (B) INCLUSIONS.—The term “qualified ex-
7 tended product system” includes commercial or
8 industrial machinery or equipment that—

9 (i)(I) did not previously make use of
10 the extended product system prior to the
11 redesign described in subclause (II); and

12 (II) incorporates an extended product
13 system that has greater than 1 horsepower
14 into redesigned machinery or equipment;
15 and

16 (ii) was previously used prior to, and
17 was placed back into service during, cal-
18 endar year 2019 or 2020.

19 (b) ESTABLISHMENT.—Not later than 180 days after
20 the date of enactment of this Act, the Secretary shall es-
21 tablish a program to provide rebates for expenditures
22 made by qualified entities for the purchase or installation
23 of a qualified extended product system.

24 (c) QUALIFIED ENTITIES.—

1 (1) ELIGIBILITY REQUIREMENTS.—A qualified
2 entity under this section shall be—

3 (A) in the case of a qualified extended
4 product system described in subsection
5 (a)(4)(A), the purchaser of the qualified ex-
6 tended product that is installed; and

7 (B) in the case of a qualified extended
8 product system described in subsection
9 (a)(4)(B), the manufacturer of the commercial
10 or industrial machinery or equipment that in-
11 corporated the extended product system into
12 that machinery or equipment.

13 (2) APPLICATION.—To be eligible to receive a
14 rebate under this section, a qualified entity shall
15 submit to the Secretary—

16 (A) an application in such form, at such
17 time, and containing such information as the
18 Secretary may require; and

19 (B) a certification that includes dem-
20 onstrated evidence—

21 (i) that the entity is a qualified entity;

22 and

23 (ii)(I) in the case of a qualified entity
24 described in paragraph (1)(A)—

1 (aa) that the qualified entity in-
2 stalled the qualified extended product
3 system during the 2 fiscal years fol-
4 lowing the date of enactment of this
5 Act;

6 (bb) that the qualified extended
7 product system meets the require-
8 ments of subsection (a)(4)(A); and

9 (cc) showing the serial number,
10 manufacturer, and model number
11 from the nameplate of the installed
12 motor of the qualified entity on which
13 the qualified extended product system
14 was installed; or

15 (II) in the case of a qualified entity
16 described in paragraph (1)(B), dem-
17 onstrated evidence—

18 (aa) that the qualified extended
19 product system meets the require-
20 ments of subsection (a)(4)(B); and

21 (bb) showing the serial number,
22 manufacturer, and model number
23 from the nameplate of the installed
24 motor of the qualified entity with

1 which the extended product system is
2 integrated.

3 (d) AUTHORIZED AMOUNT OF REBATE.—

4 (1) IN GENERAL.—The Secretary may provide
5 to a qualified entity a rebate in an amount equal to
6 the product obtained by multiplying—

7 (A) an amount equal to the sum of the
8 nameplate rated horsepower of—

9 (i) the electric motor to which the
10 qualified extended product system is at-
11 tached; and

12 (ii) the electronic control; and

13 (B) \$25.

14 (2) MAXIMUM AGGREGATE AMOUNT.—A quali-
15 fied entity shall not be entitled to aggregate rebates
16 under this section in excess of \$25,000 per calendar
17 year.

18 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$5,000,000 for each of the first 2 full fiscal years following
21 the date of enactment of this Act, to remain available until
22 expended.

1 **Subtitle D—Transformer Rebate**
2 **Program**

3 **SEC. 231. ENERGY EFFICIENT TRANSFORMER REBATE PRO-**
4 **GRAM.**

5 (a) DEFINITIONS.—In this section:

6 (1) QUALIFIED ENERGY EFFICIENT TRANS-
7 FORMER.—The term “qualified energy efficient
8 transformer” means a transformer that meets or ex-
9 ceeds the applicable energy conservation standards
10 described in the tables in subsection (b)(2) and
11 paragraphs (1) and (2) of subsection (c) of section
12 431.196 of title 10, Code of Federal Regulations (as
13 in effect on the date of enactment of this Act).

14 (2) QUALIFIED ENERGY INEFFICIENT TRANS-
15 FORMER.—The term “qualified energy inefficient
16 transformer” means a transformer with an equal
17 number of phases and capacity to a transformer de-
18 scribed in any of the tables in subsection (b)(2) and
19 paragraphs (1) and (2) of subsection (c) of section
20 431.196 of title 10, Code of Federal Regulations (as
21 in effect on the date of enactment of this Act)
22 that—

23 (A) does not meet or exceed the applicable
24 energy conservation standards described in
25 paragraph (1); and

1 (B)(i) was manufactured between January
2 1, 1985, and December 31, 2006, for a trans-
3 former with an equal number of phases and ca-
4 pacity as a transformer described in the table
5 in subsection (b)(2) of section 431.196 of title
6 10, Code of Federal Regulations (as in effect on
7 the date of enactment of this Act); or

8 (ii) was manufactured between January 1,
9 1990, and December 31, 2009, for a trans-
10 former with an equal number of phases and ca-
11 pacity as a transformer described in the table
12 in paragraph (1) or (2) of subsection (c) of that
13 section (as in effect on the date of enactment
14 of this Act).

15 (3) QUALIFIED ENTITY.—The term “qualified
16 entity” means an owner of industrial or manufac-
17 turing facilities, commercial buildings, or multifamily
18 residential buildings, a utility, or an energy service
19 company that fulfills the requirements of subsection
20 (d).

21 (b) ESTABLISHMENT.—Not later than 90 days after
22 the date of enactment of this Act, the Secretary shall es-
23 tablish a program to provide rebates to qualified entities
24 for expenditures made by the qualified entity for the re-

1 placement of a qualified energy inefficient transformer
2 with a qualified energy efficient transformer.

3 (c) REQUIREMENTS.—To be eligible to receive a re-
4 bate under this section, an entity shall submit to the Sec-
5 retary an application in such form, at such time, and con-
6 taining such information as the Secretary may require, in-
7 cluding demonstrated evidence—

8 (1) that the entity purchased a qualified energy
9 efficient transformer;

10 (2) of the core loss value of the qualified energy
11 efficient transformer;

12 (3) of the age of the qualified energy inefficient
13 transformer being replaced;

14 (4) of the core loss value of the qualified energy
15 inefficient transformer being replaced—

16 (A) as measured by a qualified professional
17 or verified by the equipment manufacturer, as
18 applicable; or

19 (B) for transformers described in sub-
20 section (a)(2)(B)(i), as selected from a table of
21 default values as determined by the Secretary
22 in consultation with applicable industry; and

23 (5) that the qualified energy inefficient trans-
24 former has been permanently decommissioned and
25 scrapped.

1 (d) AUTHORIZED AMOUNT OF REBATE.—The
2 amount of a rebate provided under this section shall be—

3 (1) for a 3-phase or single-phase transformer
4 with a capacity of not less than 10 and not greater
5 than 2,500 kilovolt-amperes, twice the amount equal
6 to the difference in Watts between the core loss
7 value (as measured in accordance with paragraphs
8 (2) and (4) of subsection (c)) of—

9 (A) the qualified energy inefficient trans-
10 former; and

11 (B) the qualified energy efficient trans-
12 former; or

13 (2) for a transformer described in subsection
14 (a)(2)(B)(i), the amount determined using a table of
15 default rebate values by rated transformer output,
16 as measured in kilovolt-amperes, as determined by
17 the Secretary in consultation with applicable indus-
18 try.

19 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
20 authorized to be appropriated to carry out this section
21 \$5,000,000 for each of fiscal years 2018 and 2019, to re-
22 main available until expended.

23 (f) TERMINATION OF EFFECTIVENESS.—The author-
24 ity provided by this section terminates on December 31,
25 2019.

1 **TITLE III—FEDERAL AGENCY**
2 **ENERGY EFFICIENCY**

3 **SEC. 301. ENERGY-EFFICIENT AND ENERGY-SAVING INFOR-**
4 **MATION TECHNOLOGIES.**

5 Section 543 of the National Energy Conservation
6 Policy Act (42 U.S.C. 8253) is amended—

7 (1) by redesignating the second subsection (f)
8 (relating to large capital energy investments) as sub-
9 section (g); and

10 (2) by adding at the end the following:

11 “(h) FEDERAL IMPLEMENTATION STRATEGY FOR
12 ENERGY-EFFICIENT AND ENERGY-SAVING INFORMATION
13 TECHNOLOGIES.—

14 “(1) DEFINITIONS.—In this subsection:

15 “(A) DIRECTOR.—The term ‘Director’
16 means the Director of the Office of Manage-
17 ment and Budget.

18 “(B) INFORMATION TECHNOLOGY.—The
19 term ‘information technology’ has the meaning
20 given the term in section 11101 of title 40,
21 United States Code.

22 “(2) DEVELOPMENT OF IMPLEMENTATION
23 STRATEGY.—Not later than 1 year after the date of
24 enactment of this subsection, each Federal agency
25 shall collaborate with the Director to develop an im-

1 plementation strategy (including best-practices and
2 measurement and verification techniques) for the
3 maintenance, purchase, and use by the Federal
4 agency of energy-efficient and energy-saving infor-
5 mation technologies.

6 “(3) ADMINISTRATION.—In developing an im-
7 plementation strategy, each Federal agency shall
8 consider—

9 “(A) advanced metering infrastructure;

10 “(B) energy efficient data center strategies
11 and methods of increasing asset and infrastruc-
12 ture utilization;

13 “(C) advanced power management tools;

14 “(D) building information modeling, in-
15 cluding building energy management; and

16 “(E) secure telework and travel substi-
17 tution tools.

18 “(4) PERFORMANCE GOALS.—

19 “(A) IN GENERAL.—Not later than Sep-
20 tember 30, 2017, the Director, in consultation
21 with the Secretary, shall establish performance
22 goals for evaluating the efforts of Federal agen-
23 cies in improving the maintenance, purchase,
24 and use of energy-efficient and energy-saving
25 information technology systems.

1 “(B) BEST PRACTICES.—The Chief Infor-
2 mation Officers Council established under sec-
3 tion 3603 of title 44, United States Code, shall
4 supplement the performance goals established
5 under this paragraph with recommendations on
6 best practices for the attainment of the per-
7 formance goals, to include a requirement for
8 agencies to consider the use of—

9 “(i) energy savings performance con-
10 tracting; and

11 “(ii) utility energy services con-
12 tracting.

13 “(5) REPORTS.—

14 “(A) AGENCY REPORTS.—Each Federal
15 agency subject to the requirements of this sub-
16 section shall include in the report of the agency
17 under section 527 of the Energy Independence
18 and Security Act of 2007 (42 U.S.C. 17143) a
19 description of the efforts and results of the
20 agency under this subsection.

21 “(B) OMB GOVERNMENT EFFICIENCY RE-
22 PORTS AND SCORECARDS.—Effective beginning
23 not later than October 1, 2017, the Director
24 shall include in the annual report and scorecard
25 of the Director required under section 528 of

1 the Energy Independence and Security Act of
 2 2007 (42 U.S.C. 17144) a description of the ef-
 3 forts and results of Federal agencies under this
 4 subsection.

5 “(C) USE OF EXISTING REPORTING STRUC-
 6 TURES.—The Director may require Federal
 7 agencies to submit any information required to
 8 be submitted under this subsection though re-
 9 porting structures in use as of the date of en-
 10 actment of the Energy Savings and Industrial
 11 Competitiveness Act.”.

12 **SEC. 302. ENERGY EFFICIENT DATA CENTERS.**

13 Section 453 of the Energy Independence and Security
 14 Act of 2007 (42 U.S.C. 17112) is amended—

15 (1) in subsection (b)—

16 (A) in paragraph (2)(D)(iv), by striking
 17 “the organization” and inserting “an organiza-
 18 tion”; and

19 (B) by striking paragraph (3); and

20 (2) by striking subsections (e) through (g) and
 21 inserting the following:

22 “(c) STAKEHOLDER INVOLVEMENT.—

23 “(1) IN GENERAL.—The Secretary and the Ad-
 24 ministrator shall carry out subsection (b) in con-
 25 sultation with the information technology industry

1 and other key stakeholders, with the goal of pro-
2 ducing results that accurately reflect the best knowl-
3 edge in the most pertinent domains.

4 “(2) CONSIDERATIONS.—In carrying out con-
5 sultation described in paragraph (1), the Secretary
6 and the Administrator shall pay particular attention
7 to organizations that—

8 “(A) have members with expertise in en-
9 ergy efficiency and in the development, oper-
10 ation, and functionality of data centers, infor-
11 mation technology equipment, and software, in-
12 cluding representatives of hardware manufac-
13 turers, data center operators, and facility man-
14 agers;

15 “(B) obtain and address input from the
16 National Laboratories (as that term is defined
17 in section 2 of the Energy Policy Act of 2005
18 (42 U.S.C. 15801)) or any institution of higher
19 education, research institution, industry asso-
20 ciation, company, or public interest group with
21 applicable expertise;

22 “(C) follow—

23 “(i) commonly accepted procedures
24 for the development of specifications; and

1 “(ii) accredited standards development
2 processes; or

3 “(D) have a mission to promote energy ef-
4 ficiency for data centers and information tech-
5 nology.

6 “(d) MEASUREMENTS AND SPECIFICATIONS.—The
7 Secretary and the Administrator shall consider and assess
8 the adequacy of the specifications, measurements, and
9 benchmarks described in subsection (b) for use by the
10 Federal Energy Management Program, the Energy Star
11 Program, and other efficiency programs of the Depart-
12 ment of Energy or the Environmental Protection Agency.

13 “(e) STUDY.—The Secretary, in consultation with the
14 Administrator, not later than 18 months after the date
15 of enactment of the Energy Savings and Industrial Com-
16 petitiveness Act, shall make available to the public an up-
17 date to the report submitted to Congress pursuant to sec-
18 tion 1 of the Act of December 20, 2006 (Public Law 109–
19 431; 120 Stat. 2920), entitled ‘Report to Congress on
20 Server and Data Center Energy Efficiency’ and dated Au-
21 gust 2, 2007, that provides—

22 “(1) a comparison and gap analysis of the esti-
23 mates and projections contained in the original re-
24 port with new data regarding the period from 2007
25 through 2016;

1 “(2) an analysis considering the impact of in-
2 formation technologies, including virtualization and
3 cloud computing, in the public and private sectors;

4 “(3) an evaluation of the impact of the com-
5 bination of cloud platforms, mobile devices, social
6 media, and big data on data center energy usage;
7 and

8 “(4) updated projections and recommendations
9 for best practices through fiscal year 2022.

10 “(f) DATA CENTER ENERGY PRACTITIONER PRO-
11 GRAM.—

12 “(1) IN GENERAL.—The Secretary, in consulta-
13 tion with key stakeholders and the Director of the
14 Office of Management and Budget, shall maintain a
15 data center energy practitioner program that pro-
16 vides for the certification of energy practitioners
17 qualified to evaluate the energy usage and efficiency
18 opportunities in Federal data centers.

19 “(2) EVALUATIONS.—Each Federal agency
20 shall consider having the data centers of the agency
21 evaluated once every 4 years by energy practitioners
22 certified pursuant to the program, whenever prac-
23 ticable using certified practitioners employed by the
24 agency.

25 “(g) OPEN DATA INITIATIVE.—

1 “(1) IN GENERAL.—The Secretary, in consulta-
2 tion with key stakeholders and the Director of the
3 Office of Management and Budget, shall establish
4 an open data initiative for Federal data center en-
5 ergy usage data, with the purpose of making the
6 data available and accessible in a manner that en-
7 courages further data center innovation, optimiza-
8 tion, and consolidation.

9 “(2) CONSIDERATION.—In establishing the ini-
10 tiative under paragraph (1), the Secretary shall con-
11 sider using the online Data Center Maturity Model.

12 “(h) INTERNATIONAL SPECIFICATIONS AND
13 METRICS.—The Secretary, in consultation with key stake-
14 holders, shall actively participate in efforts to harmonize
15 global specifications and metrics for data center energy
16 efficiency.

17 “(i) DATA CENTER UTILIZATION METRIC.—The Sec-
18 retary, in collaboration with key stakeholders, shall facili-
19 tate in the development of an efficiency metric that meas-
20 ures the energy efficiency of a data center (including
21 equipment and facilities).

22 “(j) PROTECTION OF PROPRIETARY INFORMATION.—
23 The Secretary and the Administrator shall not disclose
24 any proprietary information or trade secrets provided by
25 any individual or company for the purposes of carrying

1 out this section or the programs and initiatives established
2 under this section.”.

3 **SEC. 303. BUDGET-NEUTRAL DEMONSTRATION PROGRAM**
4 **FOR ENERGY AND WATER CONSERVATION IM-**
5 **PROVEMENTS AT MULTIFAMILY RESIDEN-**
6 **TIAL UNITS.**

7 (a) ESTABLISHMENT.—The Secretary of Housing
8 and Urban Development (referred to in this section as the
9 “Secretary”) shall establish a demonstration program
10 under which, during the period beginning on the date of
11 enactment of this Act, and ending on September 30, 2020,
12 the Secretary may enter into budget-neutral, performance-
13 based agreements that result in a reduction in energy or
14 water costs with such entities as the Secretary determines
15 to be appropriate under which the entities shall carry out
16 projects for energy or water conservation improvements at
17 not more than 20,000 residential units in multifamily
18 buildings participating in—

19 (1) the project-based rental assistance program
20 under section 8 of the United States Housing Act of
21 1937 (42 U.S.C. 1437f), other than assistance pro-
22 vided under section 8(o) of that Act;

23 (2) the supportive housing for the elderly pro-
24 gram under section 202 of the Housing Act of 1959
25 (12 U.S.C. 1701q); or

1 (3) the supportive housing for persons with dis-
2 abilities program under section 811(d)(2) of the
3 Cranston-Gonzalez National Affordable Housing Act
4 (42 U.S.C. 8013(d)(2)).

5 (b) REQUIREMENTS.—

6 (1) PAYMENTS CONTINGENT ON SAVINGS.—

7 (A) IN GENERAL.—The Secretary shall
8 provide to an entity a payment under an agree-
9 ment under this section only during applicable
10 years for which an energy or water cost savings
11 is achieved with respect to the applicable multi-
12 family portfolio of properties, as determined by
13 the Secretary, in accordance with subparagraph
14 (B).

15 (B) PAYMENT METHODOLOGY.—

16 (i) IN GENERAL.—Each agreement
17 under this section shall include a pay-for-
18 success provision—

19 (I) that will serve as a payment
20 threshold for the term of the agree-
21 ment; and

22 (II) pursuant to which the De-
23 partment of Housing and Urban De-
24 velopment shall share a percentage of
25 the savings at a level determined by

1 the Secretary that is sufficient to
2 cover the administrative costs of car-
3 rying out this section.

4 (ii) LIMITATIONS.—A payment made
5 by the Secretary under an agreement
6 under this section shall—

7 (I) be contingent on documented
8 utility savings; and

9 (II) not exceed the utility savings
10 achieved by the date of the payment,
11 and not previously paid, as a result of
12 the improvements made under the
13 agreement.

14 (C) THIRD-PARTY VERIFICATION.—Savings
15 payments made by the Secretary under this sec-
16 tion shall be based on a measurement and
17 verification protocol that includes at least—

18 (i) establishment of a weather-normal-
19 ized and occupancy-normalized utility con-
20 sumption baseline established preretrofit;

21 (ii) annual third-party confirmation of
22 actual utility consumption and cost for
23 owner-paid utilities;

24 (iii) annual third-party validation of
25 the tenant utility allowances in effect dur-

1 ing the applicable year and vacancy rates
2 for each unit type; and

3 (iv) annual third-party determination
4 of savings to the Secretary.

5 (2) TERM.—The term of an agreement under
6 this section shall be not longer than 12 years.

7 (3) ENTITY ELIGIBILITY.—The Secretary
8 shall—

9 (A) establish a competitive process for en-
10 tering into agreements under this section; and

11 (B) enter into such agreements only with
12 entities that demonstrate significant experience
13 relating to—

14 (i) financing and operating properties
15 receiving assistance under a program de-
16 scribed in subsection (a);

17 (ii) oversight of energy and water con-
18 servation programs, including oversight of
19 contractors; and

20 (iii) raising capital for energy and
21 water conservation improvements from
22 charitable organizations or private inves-
23 tors.

24 (4) GEOGRAPHICAL DIVERSITY.—Each agree-
25 ment entered into under this section shall provide

1 for the inclusion of properties with the greatest fea-
2 sible regional and State variance.

3 (c) PLAN AND REPORTS.—

4 (1) PLAN.—Not later than 90 days after the
5 date of enactment of this Act, the Secretary shall
6 submit to the Committees on Appropriations of the
7 House of Representatives and the Senate a detailed
8 plan for the implementation of this section.

9 (2) REPORTS.—Not later than 1 year after the
10 date of enactment of this Act, and annually there-
11 after, the Secretary shall—

12 (A) conduct an evaluation of the program
13 under this section; and

14 (B) submit to Congress a report describing
15 each evaluation conducted under subparagraph

16 (A).

17 (d) FUNDING.—For each fiscal year during which an
18 agreement under this section is in effect, the Secretary
19 may use to carry out this section any funds appropriated
20 to the Secretary for the renewal of contracts under a pro-
21 gram described in subsection (a).

1 **TITLE IV—REGULATORY**
2 **PROVISIONS**
3 **Subtitle A—Third-Party Certifi-**
4 **cation Under Energy Star Pro-**
5 **gram**

6 **SEC. 401. THIRD-PARTY CERTIFICATION UNDER ENERGY**
7 **STAR PROGRAM.**

8 Section 324A of the Energy Policy and Conservation
9 Act (42 U.S.C. 6294a) is amended by adding at the end
10 the following:

11 “(e) **THIRD-PARTY CERTIFICATION.**—

12 “(1) **IN GENERAL.**—Subject to paragraph (2),
13 not later than 180 days after the date of enactment
14 of this subsection, the Administrator shall revise the
15 certification requirements for the labeling of con-
16 sumer, home, and office electronic products for pro-
17 gram partners that have complied with all require-
18 ments of the Energy Star program for a period of
19 at least 18 months.

20 “(2) **ADMINISTRATION.**—In the case of a pro-
21 gram partner described in paragraph (1), the new
22 requirements under paragraph (1)—

23 “(A) shall not require third-party certifi-
24 cation for a product to be listed; but

1 “(B) may require that test data and other
2 product information be submitted to facilitate
3 product listing and performance verification for
4 a sample of products.

5 “(3) THIRD PARTIES.—Nothing in this sub-
6 section prevents the Administrator from using third
7 parties in the course of the administration of the
8 Energy Star program.

9 “(4) TERMINATION.—

10 “(A) IN GENERAL.—Subject to subpara-
11 graph (B), an exemption from third-party cer-
12 tification provided to a program partner under
13 paragraph (1) shall terminate if the program
14 partner is found to have violated program re-
15 quirements with respect to at least 2 separate
16 models during a 2-year period.

17 “(B) RESUMPTION.—A termination for a
18 program partner under subparagraph (A) shall
19 cease if the program partner complies with all
20 Energy Star program requirements for a period
21 of at least 3 years.”.

1 **Subtitle B—Federal Green**
2 **Buildings**

3 **SEC. 411. HIGH-PERFORMANCE GREEN FEDERAL BUILD-**
4 **INGS.**

5 Section 436(h) of the Energy Independence and Se-
6 curity Act of 2007 (42 U.S.C. 17092(h)) is amended—

7 (1) in the subsection heading, by striking “SYS-
8 TEM” and inserting “SYSTEMS”;

9 (2) by striking paragraph (1) and inserting the
10 following:

11 “(1) IN GENERAL.—Based on an ongoing re-
12 view, the Federal Director shall identify and shall
13 provide to the Secretary pursuant to section
14 305(a)(3)(D) of the Energy Conservation and Pro-
15 duction Act (42 U.S.C. 6834(a)(3)(D)), a list of
16 those certification systems that the Director identi-
17 fies as the most likely to encourage a comprehensive
18 and environmentally sound approach to certification
19 of green buildings.”; and

20 (3) in paragraph (2)—

21 (A) in the matter preceding subparagraph
22 (A), by striking “system” and inserting “sys-
23 tems”;

24 (B) by striking subparagraph (A) and in-
25 serting the following:

1 “(A) an ongoing review provided to the
2 Secretary pursuant to section 305(a)(3)(D) of
3 the Energy Conservation and Production Act
4 (42 U.S.C. 6834(a)(3)(D)), which shall—

5 “(i) be carried out by the Federal Di-
6 rector to compare and evaluate standards;
7 and

8 “(ii) allow any developer or adminis-
9 trator of a rating system or certification
10 system to be included in the review;”;

11 (C) in subparagraph (E)(v), by striking
12 “and” after the semicolon at the end;

13 (D) in subparagraph (F), by striking the
14 period at the end and inserting a semicolon;
15 and

16 (E) by adding at the end the following:

17 “(G) a finding that, for all credits address-
18 ing the sourcing of grown, harvested, or mined
19 materials, the system rewards the use of prod-
20 ucts that have obtained certifications of respon-
21 sible sourcing, such as certifications provided by
22 the Sustainable Forestry Initiative, the Forest
23 Stewardship Council, the American Tree Farm
24 System, or the Programme for the Endorse-
25 ment of Forest Certification; and

1 “(H) a finding that the system incor-
 2 porates life-cycle assessment as a credit path-
 3 way.”.

4 **Subtitle C—Energy Performance**
 5 **Requirement for Federal Buildings**

6 **SEC. 421. ENERGY PERFORMANCE REQUIREMENT FOR FED-**
 7 **ERAL BUILDINGS.**

8 Section 543 of the National Energy Conservation
 9 Policy Act (42 U.S.C. 8253) is amended—

10 (1) by striking subsection (a) and inserting the
 11 following:

12 “(a) ENERGY PERFORMANCE REQUIREMENT FOR
 13 FEDERAL BUILDINGS.—

14 “(1) REQUIREMENT.—Subject to paragraph
 15 (2), each agency shall apply energy conservation
 16 measures to, and shall improve the design for the
 17 construction of, the Federal buildings of the agency
 18 (including each industrial or laboratory facility) so
 19 that the energy consumption per gross square foot
 20 of the Federal buildings of the agency in fiscal years
 21 2006 through 2017 is reduced, as compared with the
 22 energy consumption per gross square foot of the
 23 Federal buildings of the agency in fiscal year 2003,
 24 by the percentage specified in the following table:

| “Fiscal Year | Percentage Reduction |
|---------------------|---------------------------------|
| 2006 | 2 |

| “Fiscal Year | Percentage Reduction |
|---------------------|-----------------------------|
| 2007 | 4 |
| 2008 | 9 |
| 2009 | 12 |
| 2010 | 15 |
| 2011 | 18 |
| 2012 | 21 |
| 2013 | 24 |
| 2014 | 27 |
| 2015 | 30 |
| 2016 | 33 |
| 2017 | 36. |

1 “(2) EXCLUSION FOR BUILDINGS WITH ENERGY
2 INTENSIVE ACTIVITIES.—

3 “(A) IN GENERAL.—An agency may ex-
4 clude from the requirements of paragraph (1)
5 any building (including the associated energy
6 consumption and gross square footage) in which
7 energy intensive activities are carried out.

8 “(B) REPORTS.—Each agency shall iden-
9 tify and list in each report made under section
10 548(a) the buildings designated by the agency
11 for exclusion under subparagraph (A).

12 “(3) REVIEW.—Not later than December 31,
13 2017, the Secretary shall—

14 “(A) review the results of the implementa-
15 tion of the energy performance requirements es-
16 tablished under paragraph (1); and

17 “(B) based on the review conducted under
18 subparagraph (A), submit to Congress a report
19 that addresses the feasibility of requiring each

1 agency to apply energy conservation measures
2 to, and improve the design for the construction
3 of, the Federal buildings of the agency (includ-
4 ing each industrial or laboratory facility) so
5 that the energy consumption per gross square
6 foot of the Federal buildings of the agency in
7 each of fiscal years 2018 through 2030 is re-
8 duced, as compared with the energy consump-
9 tion per gross square foot of the Federal build-
10 ings of the agency in the prior fiscal year, by
11 3 percent.”; and

12 (2) in subsection (f)—

13 (A) in paragraph (1)—

14 (i) by redesignating subparagraphs
15 (E), (F), and (G) as subparagraphs (F),
16 (G), and (H), respectively; and

17 (ii) by inserting after subparagraph
18 (D) the following:

19 “(E) ONGOING COMMISSIONING.—The
20 term ‘ongoing commissioning’ means an ongo-
21 ing process of commissioning using monitored
22 data, the primary goal of which is to ensure
23 continuous optimum performance of a facility,
24 in accordance with design or operating needs,

1 over the useful life of the facility, while meeting
2 facility occupancy requirements.”;

3 (B) in paragraph (2), by adding at the end
4 the following:

5 “(C) ENERGY MANAGEMENT SYSTEM.—An
6 energy manager designated under subparagraph
7 (A) shall consider use of a system to manage
8 energy use at the facility and certification of
9 the facility in accordance with the International
10 Organization for Standardization standard
11 numbered 50001 and entitled ‘Energy Manage-
12 ment Systems’.”;

13 (C) by striking paragraphs (3) and (4) and
14 inserting the following:

15 “(3) ENERGY AND WATER EVALUATIONS AND
16 COMMISSIONING.—

17 “(A) EVALUATIONS.—Except as provided
18 in subparagraph (B), effective beginning on the
19 date that is 180 days after the date of enact-
20 ment of the Energy Savings and Industrial
21 Competitiveness Act, and annually thereafter,
22 each energy manager shall complete, for each
23 calendar year, a comprehensive energy and
24 water evaluation and recommissioning or
25 retrocommissioning for approximately 25 per-

1 cent of the facilities of each agency that meet
2 the criteria under paragraph (2)(B) in a man-
3 ner that ensures that an evaluation of each fa-
4 cility is completed at least once every 4 years.

5 “(B) EXCEPTIONS.—An evaluation and re-
6 commissioning shall not be required under sub-
7 paragraph (A) with respect to a facility that—

8 “(i) has had a comprehensive energy
9 and water evaluation during the 8-year pe-
10 riod preceding the date of the evaluation;

11 “(ii)(I) has been commissioned, re-
12 commissioned, or retrocommissioned dur-
13 ing the 10-year period preceding the date
14 of the evaluation; or

15 “(II) is under ongoing commissioning;

16 “(iii) has not had a major change in
17 function or use since the previous evalua-
18 tion and commissioning;

19 “(iv) has been benchmarked with pub-
20 lic disclosure under paragraph (8) within
21 the year preceding the evaluation; and

22 “(v)(I) based on the benchmarking,
23 has achieved at a facility level the most re-
24 cent cumulative energy savings target

1 under subsection (a) compared to the ear-
2 lier of—

3 “(aa) the date of the most recent
4 evaluation; or

5 “(bb) the date—

6 “(AA) of the most recent
7 commissioning, recommissioning,
8 or retrocommissioning; or

9 “(BB) on which ongoing
10 commissioning began; or

11 “(II) has a long-term contract in
12 place guaranteeing energy savings at least
13 as great as the energy savings target under
14 subclause (I).

15 “(4) IMPLEMENTATION OF IDENTIFIED ENERGY
16 AND WATER EFFICIENCY MEASURES.—

17 “(A) IN GENERAL.—Not later than 2 years
18 after the date of completion of each evaluation
19 under paragraph (3), each energy manager
20 may—

21 “(i) implement any energy- or water-
22 saving measure that the Federal agency
23 identified in the evaluation conducted
24 under paragraph (3) that is life-cycle cost
25 effective; and

1 “(ii) bundle individual measures of
2 varying paybacks together into combined
3 projects.

4 “(B) MEASURES NOT IMPLEMENTED.—
5 The energy manager shall, as part of the cer-
6 tification system under paragraph (7), explain
7 the reasons why any life-cycle cost effective
8 measures were not implemented under subpara-
9 graph (A) using guidelines developed by the
10 Secretary.”; and

11 (D) in paragraph (7)(C), by adding at the
12 end the following:

13 “(iii) SUMMARY REPORT.—The Sec-
14 retary shall make available a report that
15 summarizes the information tracked under
16 subparagraph (B)(i) by each agency and,
17 as applicable, by each type of measure.”.

18 **SEC. 422. FEDERAL BUILDING ENERGY EFFICIENCY PER-**
19 **FORMANCE STANDARDS; CERTIFICATION**
20 **SYSTEM AND LEVEL FOR GREEN BUILDINGS.**

21 (a) DEFINITIONS.—Section 303 of the Energy Con-
22 servation and Production Act (42 U.S.C. 6832) (as
23 amended by section 101(a)) is amended—

1 (1) in paragraph (6), by striking “to be con-
2 structed” and inserting “constructed or altered”;
3 and

4 (2) by adding at the end the following:

5 “(19) MAJOR RENOVATION.—The term ‘major
6 renovation’ means a modification of building energy
7 systems sufficiently extensive that the whole building
8 can meet energy standards for new buildings, based
9 on criteria to be established by the Secretary
10 through notice and comment rulemaking.”.

11 (b) FEDERAL BUILDING EFFICIENCY STANDARDS.—
12 Section 305 of the Energy Conservation and Production
13 Act (42 U.S.C. 6834) is amended—

14 (1) in subsection (a)(3)—

15 (A) by striking “(3)(A) Not later than”
16 and all that follows through subparagraph (B)
17 and inserting the following:

18 “(3) REVISED FEDERAL BUILDING ENERGY EF-
19 FICIENCY PERFORMANCE STANDARDS; CERTIFI-
20 CATION FOR GREEN BUILDINGS.—

21 “(A) REVISED FEDERAL BUILDING EN-
22 ERGY EFFICIENCY PERFORMANCE STAND-
23 ARDS.—

24 “(i) IN GENERAL.—Not later than 1
25 year after the date of enactment of the En-

1 ergy Savings and Industrial Competitive-
2 ness Act, the Secretary shall establish, by
3 rule, revised Federal building energy effi-
4 ciency performance standards that require
5 that—

6 “(I) new Federal buildings and
7 alterations and additions to existing
8 Federal buildings—

9 “(aa) meet or exceed the
10 most recent revision of the Inter-
11 national Energy Conservation
12 Code (in the case of residential
13 buildings) or ASHRAE Standard
14 90.1 (in the case of commercial
15 buildings) as of the date of en-
16 actment of the Energy Savings
17 and Industrial Competitiveness
18 Act; and

19 “(bb) meet or exceed the en-
20 ergy provisions of State and local
21 building codes applicable to the
22 building, if the codes are more
23 stringent than the International
24 Energy Conservation Code or

1 ASHRAE Standard 90.1, as ap-
2 plicable;

3 “(II) unless demonstrated not to
4 be life-cycle cost effective for new
5 Federal buildings and Federal build-
6 ings with major renovations—

7 “(aa) the buildings be de-
8 signed to achieve energy con-
9 sumption levels that are at least
10 30 percent below the levels estab-
11 lished in the version of the
12 ASHRAE Standard or the Inter-
13 national Energy Conservation
14 Code, as appropriate, that is ap-
15 plied under subelause (I)(aa), in-
16 cluding updates under subpara-
17 graph (B); and

18 “(bb) sustainable design
19 principles are applied to the loca-
20 tion, siting, design, and construc-
21 tion of all new Federal buildings
22 and replacement Federal build-
23 ings;

24 “(III) if water is used to achieve
25 energy efficiency, water conservation

1 technologies shall be applied to the ex-
2 tent that the technologies are life-
3 cycle cost effective; and

4 “(IV) if life-cycle cost effective,
5 as compared to other reasonably avail-
6 able technologies, not less than 30
7 percent of the hot water demand for
8 each new Federal building or Federal
9 building undergoing a major renova-
10 tion be met through the installation
11 and use of solar hot water heaters.

12 “(ii) LIMITATION.—Clause (i)(I) shall
13 not apply to unaltered portions of existing
14 Federal buildings and systems that have
15 been added to or altered.

16 “(B) UPDATES.—Not later than 1 year
17 after the date of approval of each subsequent
18 revision of the ASHRAE Standard or the Inter-
19 national Energy Conservation Code, as appro-
20 priate, the Secretary shall determine whether
21 the revised standards established under sub-
22 paragraph (A) should be updated to reflect the
23 revisions, based on the energy savings and life-
24 cycle cost-effectiveness of the revisions.”;

1 (B) in subparagraph (C), by striking “(C)
2 In the budget request” and inserting the fol-
3 lowing:

4 “(C) BUDGET REQUEST.—In the budget
5 request”; and

6 (C) by striking subparagraph (D) and in-
7 serting the following:

8 “(D) CERTIFICATION FOR GREEN BUILD-
9 INGS.—

10 “(i) SUSTAINABLE DESIGN PRIN-
11 CIPLES.—Sustainable design principles
12 shall be applied to the siting, design, and
13 construction of buildings covered by this
14 subparagraph.

15 “(ii) SELECTION OF CERTIFICATION
16 SYSTEMS.—The Secretary, after reviewing
17 the findings of the Federal Director under
18 section 436(h) of the Energy Independence
19 and Security Act of 2007 (42 U.S.C.
20 17092(h)), in consultation with the Admin-
21 istrator of General Services, and in con-
22 sultation with the Secretary of Defense re-
23 lating to those facilities under the custody
24 and control of the Department of Defense,
25 shall determine those certification systems

1 for green commercial and residential build-
2 ings that the Secretary determines to be
3 the most likely to encourage a comprehen-
4 sive and environmentally sound approach
5 to certification of green buildings.

6 “(iii) BASIS FOR SELECTION.—The
7 determination of the certification systems
8 under clause (ii) shall be based on ongoing
9 review of the findings of the Federal Direc-
10 tor under section 436(h) of the Energy
11 Independence and Security Act of 2007
12 (42 U.S.C. 17092(h)) and the criteria de-
13 scribed in clause (v).

14 “(iv) ADMINISTRATION.—In deter-
15 mining certification systems under this
16 subparagraph, the Secretary shall—

17 “(I) make a separate determina-
18 tion for all or part of each system;
19 and

20 “(II) confirm that the criteria
21 used to support the selection of build-
22 ing products, materials, brands, and
23 technologies—

24 “(aa) are based on relevant
25 technical data;

1 “(bb) use and reward eval-
2 uation of health, safety, and envi-
3 ronmental risks and impacts
4 across the lifecycle of the build-
5 ing product, material, brand, or
6 technology, including methodolo-
7 gies generally accepted by the ap-
8 plicable scientific disciplines;

9 “(cc) as practicable, give
10 preference to performance stand-
11 ards instead of prescriptive meas-
12 ures; and

13 “(dd) reward continual im-
14 provements in the lifecycle man-
15 agement of health, safety, and
16 environmental risks and impacts.

17 “(v) CONSIDERATIONS.—In deter-
18 mining the green building certification sys-
19 tems under this subparagraph, the Sec-
20 retary shall take into consideration—

21 “(I) the ability and availability of
22 assessors and auditors to independ-
23 ently verify the criteria and measure-
24 ment of metrics at the scale necessary
25 to implement this subparagraph;

1 “(II) the ability of the applicable
2 certification organization to collect
3 and reflect public comment;

4 “(III) the ability of the standard
5 to be developed and revised through a
6 consensus-based process;

7 “(IV) an evaluation of the
8 robustness of the criteria for a high-
9 performance green building, which
10 shall give credit for promoting—

11 “(aa) efficient and sustain-
12 able use of water, energy, and
13 other natural resources;

14 “(bb) use of renewable en-
15 ergy sources;

16 “(cc) improved indoor envi-
17 ronmental quality through en-
18 hanced indoor air quality, ther-
19 mal comfort, acoustics, day light-
20 ing, pollutant source control, and
21 use of low-emission materials and
22 building system controls;

23 “(dd)(AA) the sourcing of
24 grown, harvested, or mined mate-
25 rials; and

1 “(BB) certifications of re-
2 sponsible sourcing, such as cer-
3 tifications provided by the Forest
4 Stewardship Council, the Sus-
5 tainable Forestry Initiative, the
6 American Tree Farm System, or
7 the Programme for the Endorse-
8 ment of Forest Certification; and

9 “(ee) such other criteria as
10 the Secretary determines to be
11 appropriate; and

12 “(V) national recognition within
13 the building industry.

14 “(vi) REVIEW.—The Secretary, in
15 consultation with the Administrator of
16 General Services and the Secretary of De-
17 fense, shall conduct an ongoing review to
18 evaluate and compare private sector green
19 building certification systems, taking into
20 account—

21 “(I) the criteria described in
22 clause (v); and

23 “(II) the identification made by
24 the Federal Director under section
25 436(h) of the Energy Independence

1 and Security Act of 2007 (42 U.S.C.
2 17092(h)).

3 “(vii) EXCLUSIONS.—

4 “(I) IN GENERAL.—Subject to
5 subclause (II), if a certification sys-
6 tem fails to meet the review require-
7 ments of clause (v), the Secretary
8 shall—

9 “(aa) identify the portions
10 of the system, whether pre-
11 requisites, credits, points, or oth-
12 erwise, that meet the review cri-
13 teria of clause (v);

14 “(bb) determine the portions
15 of the system that are suitable
16 for use; and

17 “(cc) exclude all other por-
18 tions of the system from identi-
19 fication and use.

20 “(II) ENTIRE SYSTEMS.—The
21 Secretary shall exclude an entire sys-
22 tem from use if an exclusion under
23 subclause (I)—

24 “(aa) impedes the integrated
25 use of the system;

1 “(bb) creates disparate re-
2 view criteria or unequal point ac-
3 cess for competing materials; or

4 “(cc) increases agency costs
5 of the use.

6 “(viii) INTERNAL CERTIFICATION
7 PROCESSES.—The Secretary may by rule
8 allow Federal agencies to develop internal
9 certification processes, using certified pro-
10 fessionals, in lieu of certification by certifi-
11 cation entities identified under clause (ii).

12 “(ix) PRIVATIZED MILITARY HOUS-
13 ING.—With respect to privatized military
14 housing, the Secretary of Defense, after
15 consultation with the Secretary may,
16 through rulemaking, develop alternative
17 certification systems and levels than the
18 systems and levels identified under clause
19 (ii) that achieve an equivalent result in
20 terms of energy savings, sustainable de-
21 sign, and green building performance.

22 “(x) WATER CONSERVATION TECH-
23 NOLOGIES.—In addition to any use of
24 water conservation technologies otherwise
25 required by this section, water conservation

1 technologies shall be applied to the extent
2 that the technologies are life-cycle cost-ef-
3 fective.

4 “(xi) EFFECTIVE DATE.—

5 “(I) DETERMINATIONS MADE
6 AFTER DECEMBER 31, 2017.—The
7 amendments made by section
8 432(b)(1)(C) of Energy Savings and
9 Industrial Competitiveness Act shall
10 apply to any determination made by a
11 Federal agency after December 31,
12 2017.

13 “(II) DETERMINATIONS MADE ON
14 OR BEFORE DECEMBER 31, 2017.—
15 This subparagraph (as in effect on the
16 day before the date of enactment of
17 Energy Savings and Industrial Com-
18 petitiveness Act) shall apply to any
19 use of a certification system for green
20 commercial and residential buildings
21 by a Federal agency on or before De-
22 cember 31, 2017.”; and

23 (2) by striking subsections (c) and (d) and in-
24 serting the following:

25 “(c) PERIODIC REVIEW.—The Secretary shall—

1 “(1) once every 5 years, review the Federal
2 building energy standards established under this sec-
3 tion; and

4 “(2) on completion of a review under paragraph
5 (1), if the Secretary determines that significant en-
6 ergy savings would result, upgrade the standards to
7 include all new energy efficiency and renewable en-
8 ergy measures that are technologically feasible and
9 economically justified.”.

10 **SEC. 423. ENHANCED ENERGY EFFICIENCY UNDER-**
11 **WRITING.**

12 (a) **DEFINITIONS.**—In this section:

13 (1) **COVERED AGENCY.**—The term “covered
14 agency”—

15 (A) means—

16 (i) an executive agency, as that term
17 is defined in section 102 of title 31, United
18 States Code; and

19 (ii) any other agency of the Federal
20 Government; and

21 (B) includes any enterprise, as that term is
22 defined under section 1303 of the Federal
23 Housing Enterprises Financial Safety and
24 Soundness Act of 1992 (12 U.S.C. 4502).

1 (2) COVERED LOAN.—The term “covered loan”
2 means a loan secured by a home that is issued, in-
3 sured, purchased, or securitized by a covered agency.

4 (3) HOMEOWNER.—The term “homeowner”
5 means the mortgagor under a covered loan.

6 (4) MORTGAGEE.—The term “mortgagee”
7 means—

8 (A) an original lender under a covered loan
9 or the holder of a covered loan at the time at
10 which that mortgage transaction is con-
11 summated;

12 (B) any affiliate, agent, subsidiary, suc-
13 cessor, or assignee of an original lender under
14 a covered loan or the holder of a covered loan
15 at the time at which that mortgage transaction
16 is consummated;

17 (C) any servicer of a covered loan; and

18 (D) any subsequent purchaser, trustee, or
19 transferee of any covered loan issued by an
20 original lender.

21 (5) SECRETARY.—The term “Secretary” means
22 the Secretary of Housing and Urban Development.

23 (6) SERVICER.—The term “servicer” means the
24 person or entity responsible for the servicing of a
25 covered loan, including the person or entity who

1 makes or holds a covered loan if that person or enti-
2 ty also services the covered loan.

3 (7) SERVICING.—The term “servicing” has the
4 meaning given the term in section 6(i) of the Real
5 Estate Settlement Procedures Act of 1974 (12
6 U.S.C. 2605(i)).

7 (b) FINDINGS AND PURPOSES.—

8 (1) FINDINGS.—Congress finds that—

9 (A) energy costs for homeowners are a sig-
10 nificant and increasing portion of their house-
11 hold budgets;

12 (B) household energy use can vary sub-
13 stantially depending on the efficiency and char-
14 acteristics of the house;

15 (C) expected energy cost savings are im-
16 portant to the value of the house;

17 (D) the current test for loan affordability
18 used by most covered agencies, commonly
19 known as the “debt-to-income” test, is inad-
20 equate because it does not take into account the
21 expected energy cost savings for the homeowner
22 of an energy efficient home; and

23 (E) another loan limitation, commonly
24 known as the “loan-to-value” test, is tied to the

1 appraisal, which often does not adjust for effi-
2 ciency features of houses.

3 (2) PURPOSES.—The purposes of this section
4 are to—

5 (A) improve the accuracy of mortgage un-
6 derwriting by Federal mortgage agencies by en-
7 suring that energy cost savings are included in
8 the underwriting process as described below,
9 and thus to reduce the amount of energy con-
10 sumed by homes and to facilitate the creation
11 of energy efficiency retrofit and construction
12 jobs;

13 (B) require a covered agency to include the
14 expected energy cost savings of a homeowner as
15 a regular expense in the tests, such as the debt-
16 to-income test, used to determine the ability of
17 the loan applicant to afford the cost of home-
18 ownership for all loan programs; and

19 (C) require a covered agency to include the
20 value home buyers place on the energy effi-
21 ciency of a house in tests used to compare the
22 mortgage amount to home value, taking pre-
23 cautions to avoid double-counting and to sup-
24 port safe and sound lending.

1 (c) ENHANCED ENERGY EFFICIENCY UNDER-
2 WRITING CRITERIA.—

3 (1) IN GENERAL.—Not later than 1 year after
4 the date of enactment of this Act, the Secretary
5 shall, in consultation with the advisory group estab-
6 lished in subsection (f)(2), develop and issue guide-
7 lines for a covered agency to implement enhanced
8 loan eligibility requirements, for use when testing
9 the ability of a loan applicant to repay a covered
10 loan, that account for the expected energy cost sav-
11 ings for a loan applicant at a subject property, in
12 the manner set forth in paragraphs (2) and (3).

13 (2) REQUIREMENTS TO ACCOUNT FOR ENERGY
14 COST SAVINGS.—The enhanced loan eligibility re-
15 quirements under paragraph (1) shall require that,
16 for all covered loans for which an energy efficiency
17 report is voluntarily provided to the mortgagee by
18 the mortgagor, the covered agency and the mort-
19 gagee shall take into consideration the estimated en-
20 ergy cost savings expected for the owner of the sub-
21 ject property in determining whether the loan appli-
22 cant has sufficient income to service the mortgage
23 debt plus other regular expenses. To the extent that
24 a covered agency uses a test such as a debt-to-in-
25 come test that includes certain regular expenses,

1 such as hazard insurance and property taxes, the ex-
2 pected energy cost savings shall be included as an
3 offset to these expenses. Energy costs to be assessed
4 include the cost of electricity, natural gas, oil, and
5 any other fuel regularly used to supply energy to the
6 subject property.

7 (3) DETERMINATION OF ESTIMATED ENERGY
8 COST SAVINGS.—

9 (A) IN GENERAL.—The guidelines to be
10 issued under paragraph (1) shall include in-
11 structions for the covered agency to calculate
12 estimated energy cost savings using—

13 (i) the energy efficiency report;

14 (ii) an estimate of baseline average
15 energy costs; and

16 (iii) additional sources of information
17 as determined by the Secretary.

18 (B) REPORT REQUIREMENTS.—For the
19 purposes of subparagraph (A), an energy effi-
20 ciency report shall—

21 (i) estimate the expected energy cost
22 savings specific to the subject property,
23 based on specific information about the
24 property;

1 (ii) be prepared in accordance with
2 the guidelines to be issued under para-
3 graph (1); and

4 (iii) be prepared—

5 (I) in accordance with the Resi-
6 dential Energy Service Network's
7 Home Energy Rating System (com-
8 monly known as "HERS") by an indi-
9 vidual certified by the Residential En-
10 ergy Service Network, unless the Sec-
11 retary finds that the use of HERS
12 does not further the purposes of this
13 section; or

14 (II) by other methods approved
15 by the Secretary, in consultation with
16 the Secretary of Energy and the advi-
17 sory group established in subsection
18 (f)(2), for use under this section,
19 which shall include a third-party qual-
20 ity assurance procedure.

21 (C) USE BY APPRAISER.—If an energy ef-
22 ficiency report is used under paragraph (2), the
23 energy efficiency report shall be provided to the
24 appraiser to estimate the energy efficiency of

1 the subject property and for potential adjust-
2 ments for energy efficiency.

3 (4) REQUIRED DISCLOSURE TO CONSUMER FOR
4 A HOME WITH AN ENERGY EFFICIENCY REPORT.—
5 If an energy efficiency report is used under para-
6 graph (2), the guidelines to be issued under para-
7 graph (1) shall require the mortgagee to—

8 (A) inform the loan applicant of the ex-
9 pected energy costs as estimated in the energy
10 efficiency report, in a manner and at a time as
11 prescribed by the Secretary, and if practicable,
12 in the documents delivered at the time of loan
13 application; and

14 (B) include the energy efficiency report in
15 the documentation for the loan provided to the
16 borrower.

17 (5) REQUIRED DISCLOSURE TO CONSUMER FOR
18 A HOME WITHOUT AN ENERGY EFFICIENCY RE-
19 PORT.—If an energy efficiency report is not used
20 under paragraph (2), the guidelines to be issued
21 under paragraph (1) shall require the mortgagee to
22 inform the loan applicant in a manner and at a time
23 as prescribed by the Secretary, and if practicable, in
24 the documents delivered at the time of loan applica-
25 tion of—

1 (A) typical energy cost savings that would
2 be possible from a cost-effective energy upgrade
3 of a home of the size and in the region of the
4 subject property;

5 (B) the impact the typical energy cost sav-
6 ings would have on monthly ownership costs of
7 a typical home;

8 (C) the impact on the size of a mortgage
9 that could be obtained if the typical energy cost
10 savings were reflected in an energy efficiency
11 report; and

12 (D) resources for improving the energy ef-
13 ficiency of a home.

14 (6) PRICING OF LOANS.—

15 (A) IN GENERAL.—A covered agency may
16 price covered loans originated under the en-
17 hanced loan eligibility requirements required
18 under this section in accordance with the esti-
19 mated risk of the loans.

20 (B) IMPOSITION OF CERTAIN MATERIAL
21 COSTS, IMPEDIMENTS, OR PENALTIES.—In the
22 absence of a publicly disclosed analysis that
23 demonstrates significant additional default risk
24 or prepayment risk associated with the loans, a
25 covered agency shall not impose material costs,

1 impediments, or penalties on covered loans
2 merely because the loan uses an energy effi-
3 ciency report or the enhanced loan eligibility re-
4 quirements required under this section.

5 (7) LIMITATIONS.—

6 (A) IN GENERAL.—A covered agency may
7 price covered loans originated under the en-
8 hanced loan eligibility requirements required
9 under this section in accordance with the esti-
10 mated risk of those loans.

11 (B) PROHIBITED ACTIONS.—A covered
12 agency shall not—

13 (i) modify existing underwriting cri-
14 teria or adopt new underwriting criteria
15 that intentionally negate or reduce the im-
16 pact of the requirements or resulting bene-
17 fits that are set forth or otherwise derived
18 from the enhanced loan eligibility require-
19 ments required under this subsection; or

20 (ii) impose greater buy back require-
21 ments, credit overlays, or insurance re-
22 quirements, including private mortgage in-
23 surance, on covered loans merely because
24 the loan uses an energy efficiency report or

1 the enhanced loan eligibility requirements
2 required under this subsection.

3 (8) APPLICABILITY AND IMPLEMENTATION
4 DATE.—Not later than 3 years after the date of en-
5 actment of this Act, and before December 31, 2019,
6 the enhanced loan eligibility requirements required
7 under this subsection shall be implemented by each
8 covered agency to—

9 (A) apply to any covered loan for the sale,
10 or refinancing of any loan for the sale, of any
11 home;

12 (B) be available on any residential real
13 property (including individual units of con-
14 dominiums and cooperatives) that qualifies for
15 a covered loan; and

16 (C) provide prospective mortgagees with
17 sufficient guidance and applicable tools to im-
18 plement the required underwriting methods.

19 (d) ENHANCED ENERGY EFFICIENCY UNDER-
20 WRITING VALUATION GUIDELINES.—

21 (1) IN GENERAL.—Not later than 1 year after
22 the date of enactment of this Act, the Secretary
23 shall—

24 (A) in consultation with the Federal Fi-
25 nancial Institutions Examination Council and

1 the advisory group established in subsection
2 (f)(2), develop and issue guidelines for a cov-
3 ered agency to determine the maximum per-
4 mitted loan amount based on the value of the
5 property for all covered loans made on prop-
6 erties with an energy efficiency report that
7 meets the requirements of subsection (c)(3)(B);
8 and

9 (B) in consultation with the Secretary of
10 Energy, issue guidelines for a covered agency to
11 determine the estimated energy savings under
12 paragraph (3) for properties with an energy ef-
13 ficiency report.

14 (2) REQUIREMENTS.—The enhanced energy ef-
15 ficiency underwriting valuation guidelines required
16 under paragraph (1) shall include—

17 (A) a requirement that if an energy effi-
18 ciency report that meets the requirements of
19 subsection (c)(3)(B) is voluntarily provided to
20 the mortgagee, such report shall be used by the
21 mortgagee or covered agency to determine the
22 estimated energy savings of the subject prop-
23 erty; and

24 (B) a requirement that the estimated en-
25 ergy savings of the subject property be added to

1 the appraised value of the subject property by
2 a mortgagee or covered agency for the purpose
3 of determining the loan-to-value ratio of the
4 subject property, unless the appraisal includes
5 the value of the overall energy efficiency of the
6 subject property, using methods to be estab-
7 lished under the guidelines issued under para-
8 graph (1).

9 (3) DETERMINATION OF ESTIMATED ENERGY
10 SAVINGS.—

11 (A) AMOUNT OF ENERGY SAVINGS.—The
12 amount of estimated energy savings shall be de-
13 termined by calculating the difference between
14 the estimated energy costs for the average com-
15 parable houses, as determined in guidelines to
16 be issued under paragraph (1), and the esti-
17 mated energy costs for the subject property
18 based upon the energy efficiency report.

19 (B) DURATION OF ENERGY SAVINGS.—The
20 duration of the estimated energy savings shall
21 be based upon the estimated life of the applica-
22 ble equipment, consistent with the rating sys-
23 tem used to produce the energy efficiency re-
24 port.

1 (C) PRESENT VALUE OF ENERGY SAV-
2 INGS.—The present value of the future savings
3 shall be discounted using the average interest
4 rate on conventional 30-year mortgages, in the
5 manner directed by guidelines issued under
6 paragraph (1).

7 (4) ENSURING CONSIDERATION OF ENERGY EF-
8 FICIENT FEATURES.—Section 1110 of the Financial
9 Institutions Reform, Recovery, and Enforcement Act
10 of 1989 (12 U.S.C. 3339) is amended—

11 (A) in paragraph (2), by striking “; and”
12 and inserting a semicolon; and

13 (B) in paragraph (3), by striking the pe-
14 riod at the end and inserting “; and” and in-
15 serting after paragraph (3) the following:

16 “(4) that State certified and licensed appraisers
17 have timely access, whenever practicable, to informa-
18 tion from the property owner and the lender that
19 may be relevant in developing an opinion of value re-
20 garding the energy- and water-saving improvements
21 or features of a property, such as—

22 “(A) labels or ratings of buildings;

23 “(B) installed appliances, measures, sys-
24 tems or technologies;

25 “(C) blueprints;

1 “(D) construction costs;

2 “(E) financial or other incentives regard-
3 ing energy- and water-efficient components and
4 systems installed in a property;

5 “(F) utility bills;

6 “(G) energy consumption and benchmark-
7 ing data; and

8 “(H) third-party verifications or represen-
9 tations of energy and water efficiency perform-
10 ance of a property, observing all financial pri-
11 vacy requirements adhered to by certified and
12 licensed appraisers, including section 501 of the
13 Gramm-Leach-Bliley Act (15 U.S.C. 6801).

14 Unless a property owner consents to a lender, an ap-
15 praiser, in carrying out the requirements of para-
16 graph (4), shall not have access to the commercial
17 or financial information of the owner that is privi-
18 leged or confidential.”.

19 (5) TRANSACTIONS REQUIRING STATE CER-
20 TIFIED APPRAISERS.—Section 1113 of the Financial
21 Institutions Reform, Recovery, and Enforcement Act
22 of 1989 (12 U.S.C. 3342) is amended—

23 (A) in paragraph (1), by inserting before
24 the semicolon the following: “, or any real prop-

1 erty on which the appraiser makes adjustments
2 using an energy efficiency report”; and

3 (B) in paragraph (2), by inserting after
4 “atypical” the following: “, or an appraisal on
5 which the appraiser makes adjustments using
6 an energy efficiency report.”.

7 (6) PROTECTIONS.—

8 (A) AUTHORITY TO IMPOSE LIMITA-
9 TIONS.—The guidelines to be issued under
10 paragraph (1) shall include such limitations and
11 conditions as determined by the Secretary to be
12 necessary to protect against meaningful under
13 or over valuation of energy cost savings or du-
14 plicative counting of energy efficiency features
15 or energy cost savings in the valuation of any
16 subject property that is used to determine a
17 loan amount.

18 (B) ADDITIONAL AUTHORITY.—At the end
19 of the 7-year period following the implementa-
20 tion of enhanced eligibility and underwriting
21 valuation requirements under this section, the
22 Secretary may modify or apply additional ex-
23 ceptions to the approach described in paragraph
24 (2), where the Secretary finds that the
25 unadjusted appraisal will reflect an accurate

1 market value of the efficiency of the subject
2 property or that a modified approach will better
3 reflect an accurate market value.

4 (7) APPLICABILITY AND IMPLEMENTATION
5 DATE.—Not later than 3 years after the date of en-
6 actment of this Act, and before December 31, 2019,
7 each covered agency shall implement the guidelines
8 required under this subsection, which shall—

9 (A) apply to any covered loan for the sale,
10 or refinancing of any loan for the sale, of any
11 home; and

12 (B) be available on any residential real
13 property, including individual units of con-
14 dominiums and cooperatives, that qualifies for a
15 covered loan.

16 (e) MONITORING.—Not later than 1 year after the
17 date on which the enhanced eligibility and underwriting
18 valuation requirements are implemented under this sec-
19 tion, and every year thereafter, each covered agency with
20 relevant activity shall issue and make available to the pub-
21 lic a report that—

22 (1) enumerates the number of covered loans of
23 the agency for which there was an energy efficiency
24 report, and that used energy efficiency appraisal

1 guidelines and enhanced loan eligibility require-
2 ments;

3 (2) includes the default rates and rates of fore-
4 closures for each category of loans; and

5 (3) describes the risk premium, if any, that the
6 agency has priced into covered loans for which there
7 was an energy efficiency report.

8 (f) RULEMAKING.—

9 (1) IN GENERAL.—The Secretary shall pre-
10 scribe regulations to carry out this section, in con-
11 sultation with the Secretary of Energy and the advi-
12 sory group established in paragraph (2), which may
13 contain such classifications, differentiations, or other
14 provisions, and may provide for such proper imple-
15 mentation and appropriate treatment of different
16 types of transactions, as the Secretary determines
17 are necessary or proper to effectuate the purposes of
18 this section, to prevent circumvention or evasion
19 thereof, or to facilitate compliance therewith.

20 (2) ADVISORY GROUP.—To assist in carrying
21 out this section, the Secretary shall establish an ad-
22 visory group, consisting of individuals representing
23 the interests of—

24 (A) mortgage lenders;

25 (B) appraisers;

- 1 (C) energy raters and residential energy
2 consumption experts;
- 3 (D) energy efficiency organizations;
- 4 (E) real estate agents;
- 5 (F) home builders and remodelers;
- 6 (G) State energy officials; and
- 7 (H) others as determined by the Secretary.

8 (g) ADDITIONAL STUDY.—

9 (1) IN GENERAL.—Not later than 18 months
10 after the date of enactment of this Act, the Sec-
11 retary shall reconvene the advisory group established
12 in subsection (f)(2), in addition to water and loca-
13 tional efficiency experts, to advise the Secretary on
14 the implementation of the enhanced energy efficiency
15 underwriting criteria established in subsections (c)
16 and (d).

17 (2) RECOMMENDATIONS.—The advisory group
18 established in subsection (f)(2) shall provide rec-
19 ommendations to the Secretary on any revisions or
20 additions to the enhanced energy efficiency under-
21 writing criteria deemed necessary by the group,
22 which may include alternate methods to better ac-
23 count for home energy costs and additional factors
24 to account for substantial and regular costs of home-
25 ownership such as location-based transportation

1 costs and water costs. The Secretary shall forward
2 any legislative recommendations from the advisory
3 group to Congress for its consideration.

4 **TITLE V—MISCELLANEOUS**

5 **SEC. 501. BUDGETARY EFFECTS.**

6 The budgetary effects of this Act, for the purpose of
7 complying with the Statutory Pay-As-You-Go Act of 2010,
8 shall be determined by reference to the latest statement
9 titled “Budgetary Effects of PAYGO Legislation” for this
10 Act, submitted for printing in the Congressional Record
11 by the Chairman of the Senate Budget Committee, pro-
12 vided that such statement has been submitted prior to the
13 vote on passage.

14 **SEC. 502. ADVANCE APPROPRIATIONS REQUIRED.**

15 The authorization of amounts under this Act and the
16 amendments made by this Act shall be effective for any
17 fiscal year only to the extent and in the amount provided
18 in advance in appropriations Acts.

Calendar No. 73

115TH CONGRESS
1ST Session

S. 385

[Report No. 115-60]

A BILL

To promote energy savings in residential buildings
and industry, and for other purposes.

MAY 10, 2017

Reported without amendment