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ENERGY EFFICIENCY AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor: Steve Waldrip

LONG TITLE

General Description:

This bill modifies provisions related to encouraging energy efficiency and related air quality effects.

Highlighted Provisions:

This bill:

- ▶ expands the Clean Fuels and Vehicle Technology Program to be the Clean Fuels and Emission Reduction Technology Program;
- ▶ expands low-income assistance programs related to customers of an electrical corporation or gas corporation; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 19-1-402**, as last amended by Laws of Utah 2014, Chapter 295
- 19-1-403**, as last amended by Laws of Utah 2016, Chapter 369
- 19-1-404**, as last amended by Laws of Utah 2020, Chapter 354
- 54-7-13.6**, as last amended by Laws of Utah 2012, Chapter 212
- 63A-3-205**, as last amended by Laws of Utah 2017, Chapters 56 and 345
- 63B-1b-102**, as last amended by Laws of Utah 2019, Chapter 479

30 REPEALS:

31 **19-1-401**, as last amended by Laws of Utah 2006, Chapter 136



33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. Section **19-1-402** is amended to read:

35 **Part 4. Clean Fuels and Emission Reduction Technology Program Act**

36 **19-1-402. Definitions.**

37 As used in this part:

38 (1) "Air barrier system" means air barrier material, a system, or an assembly that is
39 specifically and primarily designed to minimize the passage of air through the building thermal
40 envelope and the assemblies when installed in or on a dwelling.

41 [~~(1)~~] (2) "Clean fuel" means:

42 (a) propane, natural gas, renewable natural gas, hydrogen, or electricity; or

43 (b) other fuel that meets the clean fuel vehicle standards in the federal Clean Air Act

44 Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.

45 [~~(2)~~] (3) (a) "Clean vehicle" means a vehicle that:

46 [~~(a)~~] (i) uses a clean fuel; [~~or~~]

47 [~~(b)~~] (ii) is an electric-hybrid vehicle[-]; or

48 (iii) is an electric vehicle.

49 (b) "Clean vehicle" may include heavy duty equipment, such as:

50 (i) a tractor;

51 (ii) earth-moving equipment;

52 (iii) an off-highway vehicle; or

53 (iv) other equipment approved by the director of the Division of Air Quality.

54 (4) "Dwelling" means a house, multi-family dwelling, apartment complex, or other
55 residential type building.

56 [~~(3)~~] (5) "Electric-hybrid vehicle" means a vehicle:

57 (a) primarily powered by an electric motor that draws current from:

- 58 (i) rechargeable storage batteries;
- 59 (ii) fuel cells; or
- 60 (iii) other sources of electric current; and
- 61 (b) that also operates on or is capable of operating on a nonelectrical source of power.

62 (6) "Electric vehicle" means a vehicle powered by an electric motor that draws current
63 from rechargeable storage batteries, fuel cells, or other sources of electric current and does not
64 need carbon based fuel for operation.

65 (7) "Energy-efficient building envelope improvements" means an insulation and air
66 barrier system that meets the prescriptive criteria for insulation and air barrier systems
67 established by the 2021 International Energy Conservation Code.

68 ~~[(4)]~~ (8) "Fund" means the Clean Fuels and ~~[Vehicle]~~ Emission Reduction Technology
69 Fund created in Section [19-1-403](#).

70 ~~[(5)]~~ (9) (a) "Government vehicle" means a motor vehicle:

- 71 (i) registered in Utah; and
- 72 (ii) owned and operated by:
 - 73 (A) the state;
 - 74 (B) a public trust authority;
 - 75 (C) a school district;
 - 76 (D) a county; or
 - 77 (E) a municipality.

78 (b) "Government vehicle" includes a metropolitan rapid transit motor vehicle, bus,
79 truck, law enforcement vehicle, or emergency vehicle.

80 ~~[(6)]~~ (10) "Incremental cost" means the difference between the cost of ~~[the]~~ an OEM
81 vehicle and the same vehicle model manufactured without the clean fuel fueling system.

82 (11) "Insulation" means a material or system that is specifically and primarily designed
83 to reduce the heat loss or gain of a dwelling unit when installed in or on the dwelling unit.

84 ~~[(7)]~~ (12) "OEM vehicle" means a vehicle manufactured by the original vehicle
85 manufacturer or ~~[its]~~ the manufacturer's contractor as a clean vehicle.

86 [(8)] (13) "Private sector business vehicle" means a motor vehicle registered in Utah
87 that is owned and operated solely in the conduct of a private business enterprise.

88 (14) "Qualified energy-efficient residential dwelling" means a dwelling with an energy
89 efficiency rating determined by the department by rule made in accordance with Title 63G,
90 Chapter 3, Utah Administrative Rulemaking Act.

91 [(9)] (15) "Refueling equipment" means:

92 (a) compressors when used separately[;];

93 (b) compressors used in combination with cascade tanks[~~;~~and];

94 (c) other equipment that constitute a central refueling system capable of dispensing
95 vehicle fuel[;]; and

96 (d) electric charging stations and equipment.

97 Section 2. Section **19-1-403** is amended to read:

98 **19-1-403. Clean Fuels and Emission Reduction Technology Program -- Contents**
99 **-- Loans or grants made with fund money.**

100 (1) (a) There is created a revolving fund known as the Clean Fuels and [~~Vehicle~~]
101 Emission Reduction Technology Fund.

102 (b) The fund consists of:

103 (i) appropriations to the fund;

104 (ii) other public and private contributions made under Subsection (1)(c);

105 (iii) interest earnings on cash balances; and

106 (iv) [~~all~~] money collected for loan repayments and interest on loans.

107 (c) The department may accept contributions from other public and private sources for
108 deposit into the fund.

109 (2) The department may accept federal money, including from the Infrastructure
110 Investment and Jobs Act, P.L. 117-58, toward making:

111 (a) a loan or grant for the cost of a new clean vehicle or refueling equipment; or

112 (b) a grant for:

113 (i) the installation of energy-efficient building envelope improvements at a dwelling; or

- 114 (ii) construction of a qualified energy-efficient residential dwelling.
- 115 [~~(2)~~] (3) (a) The department may make a loan or a grant;
- 116 (i) with money available in the fund for:
- 117 [~~(i)~~] (A) the conversion of a private sector business vehicle [or], a government vehicle,
- 118 or a fleet of private sector business vehicles or government vehicles to use a clean fuel, if
- 119 certified by the Air Quality Board under Subsection 19-1-405(1)(a); or
- 120 [~~(i)~~] (B) the purchase of [an OEM vehicle] a clean vehicle for use as a private sector
- 121 business vehicle [or], a government vehicle[-], or a fleet of private sector business vehicles or
- 122 government vehicles; and
- 123 (ii) with federal money available under Subsection (2) for the cost of a new clean
- 124 vehicle or clean vehicle refueling equipment.
- 125 (b) The amount of a loan for any vehicle under Subsection [~~(2)~~] (3)(a) may not exceed:
- 126 (i) the actual cost of the vehicle conversion;
- 127 (ii) the incremental cost of purchasing the [OEM] clean vehicle; or
- 128 (iii) the cost of purchasing the [OEM] clean vehicle if there is no documented
- 129 incremental cost.
- 130 (c) The amount of a grant for any vehicle under Subsection [~~(2)~~] (3)(a) may not exceed:
- 131 (i) 50% of the actual cost of the vehicle conversion for the vehicle for which a grant is
- 132 requested; or
- 133 (ii) [~~50%~~] 100% of the [~~incremental~~] cost of purchasing [~~an OEM~~] the vehicle for the
- 134 vehicle for which a grant is requested.
- 135 (d) (i) Subject to the availability of money in the fund or the federal money described
- 136 in Subsection (2), the department may make a loan or grant for the purchase of [~~vehicle~~]
- 137 refueling equipment for a private sector business vehicle [or], a government vehicle, or a fleet
- 138 of private sector business vehicles or government vehicles.
- 139 (ii) The maximum amount loaned or granted per installation of refueling equipment
- 140 may not exceed the actual cost of the refueling equipment.
- 141 [~~(3)~~] (4) The department may:

142 (a) establish an application fee for a loan or grant [~~from the fund~~] under this section by
143 following [~~the procedures and requirements of~~] Section 63J-1-504; and

144 (b) reimburse itself for the costs incurred in administering the fund and federal money
145 described in Subsection (2) from:

146 (i) the fund; or

147 (ii) application fees established under Subsection [~~(3)~~] (4)(a).

148 [~~(4)(a) The fund balance may not exceed \$10,000,000.~~]

149 [~~(b) Interest on cash balances and repayment of loans in excess of the amount~~
150 ~~necessary to maintain the fund balance at \$10,000,000 shall be deposited in the General Fund.~~]

151 (5) (a) [~~Loans~~] A loan made from money in the fund or federal money described in
152 Subsection (2) shall be supported by loan documents evidencing the intent of the borrower to
153 repay the loan.

154 (b) The original loan documents described in this Subsection (5) shall be filed with the
155 Division of Finance and a copy shall be filed with the department.

156 (6) (a) The department may make grants to a person or government agency from the
157 fund for the following:

158 (i) installation of energy-efficient building envelope improvements at a dwelling; and

159 (ii) construction of a qualified energy-efficient residential dwelling.

160 (b) The size of a grant under this Subsection (6) shall be commensurate with the square
161 footage of a dwelling, but may not exceed \$5,000 per dwelling.

162 (c) The department shall determine grant allocation under this Subsection (6).

163 (d) The department may not issue a loan from the fund for the purposes outlined in
164 Subsection (6)(a).

165 Section 3. Section 19-1-404 is amended to read:

166 **19-1-404. Department duties -- Rulemaking -- Loan repayment.**

167 (1) The department shall:

168 (a) administer the fund created in Section 19-1-403 and the federal money described in
169 Subsection 19-1-403(2) to encourage [~~government officials and private sector business vehicle~~]

170 ~~owners and operators to obtain and use clean fuel vehicles]~~ emission reductions through energy
171 efficient building practices and the use and acquisition of clean vehicles; and

172 (b) ~~[by following the procedures and requirements of]~~ make rules in accordance with
173 Title 63G, Chapter 3, Utah Administrative Rulemaking Act~~[-make rules]:~~

174 (i) specifying the amount of money in the fund and federal money to be dedicated
175 annually for grants;

176 (ii) limiting the number of motor vehicles per fleet operator that may be eligible for a
177 grant in a year;

178 (iii) specifying criteria the department shall consider in prioritizing and awarding loans
179 and grants;

180 (iv) specifying repayment periods;

181 (v) specifying procedures for:

182 (A) awarding loans and grants; and

183 (B) collecting loans; and

184 (vi) requiring ~~[aH]~~ loan and grant applicants to:

185 (A) apply on forms provided by the department;

186 (B) if the loan or grant is for a clean vehicle, agree in writing to use the clean fuel for
187 which each clean vehicle is converted or purchased using loan or grant proceeds for a
188 minimum of 70% of the vehicle miles traveled beginning from the time of conversion or
189 purchase of the clean vehicle;

190 (C) if the loan or grant is for a clean vehicle, agree in writing to notify the department
191 if a clean vehicle converted or purchased using loan or grant proceeds becomes inoperable
192 through mechanical failure or accident and to pursue a remedy outlined in department rules;

193 (D) if the loan or grant is for a clean vehicle, provide reasonable data to the department
194 on a clean vehicle converted or purchased with loan or grant proceeds; and

195 (E) if the loan or grant is for a clean vehicle, submit a clean vehicle converted or
196 purchased with loan or grant proceeds to inspections by the department as required in
197 department rules and as necessary for administration of the loan and grant program.

198 (2) (a) When developing repayment schedules for the loans, the department shall
199 consider the projected savings from use of the clean vehicle.

200 (b) A repayment schedule may not exceed 10 years.

201 (c) The department shall make a loan from the fund or federal money described in
202 Subsection 19-1-403(2) for a private sector business vehicle at an interest rate equal to the
203 annual return earned in the state treasurer's Public Treasurer's Pool as determined the month
204 immediately preceding the closing date of the loan.

205 (d) The department shall make a loan from the fund or federal money described in
206 Subsection 19-1-403(2) for a government vehicle with no interest rate.

207 (3) The Division of Finance shall:

208 (a) collect and account for the loans; and

209 (b) have custody of [~~all~~] the loan documents, including [~~all~~] notes and contracts,
210 evidencing the indebtedness of the fund or federal money described in Subsection 19-1-403(2).

211 Section 4. Section **54-7-13.6** is amended to read:

212 **54-7-13.6. Low-income assistance program.**

213 (1) As used in this section[~~,"eligible"~~]:

214 (a) "Eligible customer" means an electrical corporation or a gas corporation customer:

215 [~~(a)~~] (i) that earns no more than:

216 [~~(i)~~] (A) 125% of the federal poverty level for bill payment assistance or 200% of the
217 federal poverty level for any other low-income assistance; or

218 [~~(i)~~] (B) another percentage of the federal poverty level as determined by the
219 commission by order; and

220 [~~(b)~~] (ii) whose eligibility is certified by the Utah Department of Workforce Services.

221 (b) "Low-income assistance" means:

222 (i) bill payment assistance;

223 (ii) replacement of an appliance with a more efficient appliance;

224 (iii) replacement of a wood burning appliance or wood burning fireplace with an
225 efficient appliance; or

226 (iv) other energy efficient improvement to an eligible customer's residence.

227 (2) A customer's income eligibility for the program described in this section shall be
228 renewed annually.

229 (3) An eligible customer may not receive low-income assistance at more than one
230 residential location at any one time.

231 (4) Notwithstanding Section 54-3-8, the commission may approve a low-income
232 assistance program to provide [~~bill payment~~] low-income assistance to [~~low-income~~] an
233 eligible customer who is a residential [~~customers~~] customer of:

234 (a) an electrical corporation with more than 50,000 customers; or

235 (b) a gas corporation with more than 50,000 customers.

236 (5) (a) (i) Subject to Subsection (5)(a)(ii), low-income assistance program funding
237 from each rate class may be in an amount determined by the commission.

238 (ii) Low-income assistance program funding described in Subsection (5)(a)(i) may not
239 exceed 0.5% of the rate class's retail revenues.

240 (iii) An electrical corporation or gas corporation may use low-income assistance
241 program funding to pay:

242 (A) administrative costs associated with the electrical corporation's or gas corporation's
243 program; or

244 (B) contractor or employee costs incurred in implementing or installing a measure
245 described in Subsections (1)(b)(ii) through (iv).

246 (b) (i) Low-income assistance program funding [~~for bill payment assistance~~] shall be
247 provided through a surcharge on the monthly bill of each Utah retail customer of the electrical
248 corporation or gas corporation providing the low-income assistance program.

249 (ii) The surcharge described in Subsection (5)(b)(i) may not be collected from
250 [~~customers currently participating in the low-income assistance program~~] a customer who is
251 receiving bill payment assistance.

252 (c) (i) Subject to Subsection (5)(c)(ii), the monthly surcharge described in Subsection
253 (5)(b)(i) shall be calculated as an equal percentage of revenues from all rate schedules.

254 (ii) The monthly surcharge described in Subsection (5)(b)(i) may not exceed \$50 per
 255 month for any customer, adjusted periodically as the commission determines appropriate for
 256 inflation.

257 (6) (a) An eligible customer shall receive low-income assistance in the form of one or
 258 more of the following:

259 (i) a billing credit on the monthly electric or gas bill for the customer's residence[-];

260 (ii) replacement of an appliance with a more efficient appliance;

261 (iii) replacement of a wood burning appliance or wood burning fireplace with an
 262 efficient appliance; or

263 (iv) other energy efficiency improvement to the eligible customer's residence.

264 (b) The [~~amount of the billing credit~~] allocation of low-income assistance to an eligible
 265 customer, as described in Subsection (6)(a), shall be determined by the commission based on:

266 (i) the projected funding of the low-income assistance program;

267 (ii) the projected customer participation in the low-income assistance program; and

268 (iii) other factors that the commission determines relevant.

269 (c) The [~~monthly billing credit and the monthly surcharge~~] low-income assistance
 270 funding level shall be adjusted concurrently with the final order in a general rate increase or
 271 decrease case under Section 54-7-12 for the electrical corporation or gas corporation providing
 272 the program or as determined by the commission.

273 Section 5. Section 63A-3-205 is amended to read:

274 **63A-3-205. Revolving loan funds -- Standards and procedures.**

275 (1) As used in this section, "revolving loan fund" means:

276 (a) the Water Resources Conservation and Development Fund, created in Section
 277 73-10-24;

278 (b) the Water Resources Construction Fund, created in Section 73-10-8;

279 (c) the Water Resources Cities Water Loan Fund, created in Section 73-10-22;

280 (d) the Clean Fuel Conversion Funds, created in Title 19, Chapter 1, Part 4, Clean
 281 Fuels and [~~Vehicle~~] Emission Reduction Technology Program Act;

- 282 (e) the Water Development Security Fund and its subaccounts, created in Section
- 283 73-10c-5;
- 284 (f) the Agriculture Resource Development Fund, created in Section 4-18-106;
- 285 (g) the Utah Rural Rehabilitation Fund, created in Section 4-19-105;
- 286 (h) the Permanent Community Impact Fund, created in Section 35A-8-303;
- 287 (i) the Petroleum Storage Tank Trust Fund, created in Section 19-6-409;
- 288 (j) the Uintah Basin Revitalization Fund, created in Section 35A-8-1602;
- 289 (k) the Navajo Revitalization Fund, created in Section 35A-8-1704; and
- 290 (l) the Energy Efficiency Fund, created in Section 11-45-201.

291 (2) The division shall for each revolving loan fund make rules establishing standards
292 and procedures governing:

- 293 (a) payment schedules and due dates;
- 294 (b) interest rate effective dates;
- 295 (c) loan documentation requirements; and
- 296 (d) interest rate calculation requirements.

297 Section 6. Section 63B-1b-102 is amended to read:

298 **63B-1b-102. Definitions.**

299 As used in this chapter:

300 (1) "Agency bonds" means any bond, note, contract, or other evidence of indebtedness
301 representing loans or grants made by an authorizing agency.

302 (2) "Authorized official" means the state treasurer or other person authorized by a bond
303 document to perform the required action.

304 (3) "Authorizing agency" means the board, person, or unit with legal responsibility for
305 administering and managing revolving loan funds.

306 (4) "Bond document" means:

- 307 (a) a resolution of the commission; or
- 308 (b) an indenture or other similar document authorized by the commission that
- 309 authorizes and secures outstanding revenue bonds from time to time.

- 310 (5) "Commission" means the State Bonding Commission, created in Section
311 [63B-1-201](#).
- 312 (6) "Revenue bonds" means any special fund revenue bonds issued under this chapter.
- 313 (7) "Revolving Loan Funds" means:
- 314 (a) the Water Resources Conservation and Development Fund, created in Section
315 [73-10-24](#);
- 316 (b) the Water Resources Construction Fund, created in Section [73-10-8](#);
- 317 (c) the Water Resources Cities Water Loan Fund, created in Section [73-10-22](#);
- 318 (d) the Clean Fuel Conversion Funds, created in Title 19, Chapter 1, Part 4, Clean
319 Fuels and ~~[Vehicle]~~ Emission Reduction Technology Program Act;
- 320 (e) the Water Development Security Fund and its subaccounts, created in Section
321 [73-10c-5](#);
- 322 (f) the Agriculture Resource Development Fund, created in Section [4-18-106](#);
- 323 (g) the Utah Rural Rehabilitation Fund, created in Section [4-19-105](#);
- 324 (h) the Permanent Community Impact Fund, created in Section [35A-8-303](#);
- 325 (i) the Petroleum Storage Tank Trust Fund, created in Section [19-6-409](#); and
- 326 (j) the State Infrastructure Bank Fund, created in Section [72-2-202](#).

327 **Section 7. Repealer.**

328 This bill repeals:

329 Section [19-1-401](#), **Title.**

330 **Section 8. Effective date.**

331 This bill takes effect on July 1, 2022.