

1 H.518

2 Introduced by Representative Sibia of Dover

3 Referred to Committee on

4 Date:

5 Subject: Local government; municipalities; facilities; energy; heating;
6 revolving loan fund; appropriations

7 Statement of purpose of bill as introduced: This bill proposes to:

8 (1) establish the Municipal Fuel Switching Grant Program, administered by
9 Efficiency Vermont and the Department of Buildings and General Services
10 through the State Energy Management Program, to provide technical
11 assistance and award grants and loans to municipalities for replacing fossil fuel
12 heating systems with renewable and efficient heating systems; (2) appropriate
13 general funds to the Municipal Fuel Switching Grant Program; (3) expand the
14 State Energy Management Program to allow municipalities access to the State
15 Energy Resource Fund to finance energy efficiency improvements; and (4)
16 create positions in the Department of Buildings and General Services and
17 regional planning commissions to facilitate implementation of the Municipal
18 Fuel Switching Grant Program.

19 An act relating to the creation of the Municipal Fuel Switching Grant
20 Program

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 * * * Municipal Fuel Switching Program * * *

3 Sec. 1. MUNICIPAL FUEL SWITCHING GRANT PROGRAM

4 (a) Program established. In fiscal year 2023, there is established the
5 Municipal Fuel Switching Grant Program to award grants for renewable and
6 efficient heating systems in municipalities. Municipal Fuel Switching grants
7 shall be used to make necessary improvements to conduct an audit and replace
8 heating systems in covered municipal buildings with renewable energy
9 systems.

10 (b) Definition. As used in this section, “covered municipality” means a
11 city, town, fire district or incorporated village, and all other governmental
12 incorporated units.

13 (c) Administration; implementation.

14 (1) Efficiency Vermont, in coordination with the Department of
15 Buildings and General Services through the State Energy Management
16 Program, shall administer the Program, which shall:

17 (A) coordinate and provide consulting services to regional planning
18 commissions, which shall solicit and develop plans for each covered
19 municipality; and

20 (B) award grants for the following:

1 (i) not more than \$50,000.00 to each covered municipality to
2 conduct municipal thermal energy audits to determine the most cost-effective
3 renewable energy system replacement or primary heating source;

4 (ii) not more than \$200,000.00 to each covered municipality for
5 approved projects to replace fossil fuel heating systems with more efficient
6 renewable energy heating systems in covered municipalities; and

7 (iii) not more than \$4,000.00 to each covered municipality to
8 facilitate community meetings and communication about municipal resilience
9 and fuel switching.

10 (2) Grant program design. Efficiency Vermont, in consultation with the
11 Department of Buildings and General Services; the Vermont League of Cities
12 and Towns; regional planning commissions; and experts in the field of thermal
13 enclosure, energy efficiency, and renewable building space systems, shall
14 design the Program. The Program design shall establish:

15 (A) an outreach and education plan, including specific tactics to
16 reach and support each covered municipality;

17 (B) an equitable system for distributing grants statewide, with
18 priority to municipalities in the highest energy burden communities;

19 (C) guidelines for renewable and energy efficiency buildings systems
20 resilience, durability, health, and efficiency measures and costs that will be
21 eligible for grant funding; and

1 (D) eligibility criteria for covered municipalities, including written
2 commitment by the municipality to conduct community workshops and a self-
3 assessment.

4 (d) Costs and fees.

5 (1) Efficiency Vermont is authorized to use up to \$150,000.00 of any
6 amounts appropriated to the Program for direct labor costs.

7 (2) As the entity appointed to serve as Efficiency Vermont, the Vermont
8 Energy Investment Corp. (VEIC) is also authorized to collect their federal
9 approved indirect rate of 9.3 percent on the funds expended in this section.

10 (3) Nothing shall prohibit Efficiency Vermont from supplementing total
11 project costs completed under this section with a portion of its Public Utility
12 Commission-approved budget for the purpose of achieving higher levels of
13 efficiency and claiming efficiency savings toward the completion of
14 performance targets pursuant to 30 V.S.A. § 209(d).

15 (e) Coordination. Efficiency Vermont shall coordinate with any other State
16 entities and agencies working with covered municipalities to provide grants for
17 the Program.

18 (f) Funding. The Program shall be funded by general funds and shall have
19 use of the credit facility extended to the State Resource Management
20 Revolving Fund established in 29 V.S.A. § 168(b).

1 Sec. 2. MUNICIPAL FUEL SWITCHING PROGRAM; APPROPRIATION

2 In fiscal year 2023, the amount of \$48,000,000.00 in general funds shall be
3 appropriated to the Municipal Fuel Switching Program for use as follows:

4 (1) The amount of \$2,000,000.00 shall be appropriated to the Agency of
5 Commerce and Community Development for regional planning commissions
6 to provide programming and technical assistance to covered municipalities.

7 (2) The amount of \$46,000,000.00 shall be appropriated to the
8 Department of Buildings and General Services to be used as follows:

9 (A) \$5,000,000.00 for conducting municipal thermal energy audits;

10 (B) \$1,000,000.00 for grants to covered municipalities to facilitate
11 community meetings and communication about municipal resilience and fuel
12 switching; and

13 (C) \$40,000,000.00 for grants to covered municipalities to replace
14 heating systems with more efficient renewable energy heating systems.

15 * * * State Energy Management Program * * *

16 Sec. 3. 29 V.S.A. § 168 is amended to read:

17 § 168. STATE ENERGY MANAGEMENT PROGRAM; REVOLVING
18 FUNDS

19 (a) State Energy Management Program.

20 * * *

21 (c) Energy Revolving Fund.

1 (1) There is established ~~an~~ the Energy Revolving Fund to finance energy
2 efficiency improvements and the use of renewable resources in State and
3 municipal buildings and facilities anticipated to generate a cost-savings to the
4 State. State and municipal agencies and departments shall have access to the
5 Energy Revolving Fund on a priority basis established by the Commissioner
6 and the State Treasurer.

7 (2) The Fund shall consist of:

8 (A) monies appropriated to the Fund or ~~which~~ that are paid to it
9 under authorization of the Emergency Board;

10 (B) monies saved by the implementation of energy efficiency
11 improvements and the use of renewable resources;

12 (C) any funds available through a credit facility maintained by the
13 State Treasurer in accordance with subsection (d) of this section; and

14 (D) fees for administrative costs paid by departments and agencies,
15 which shall be fixed by the Commissioner subject to the approval of the
16 Secretary of Administration.

17 (3) Monies from the Fund shall be expended by the Commissioner for
18 measures anticipated to generate a cost-savings to the State and to a
19 municipality and costs involved with the administration of the State agency
20 energy plan as determined by the Commissioner.

1 (4) The Commissioner and the State Treasurer shall establish criteria to
2 determine eligibility for funding of energy efficiency improvements and the
3 use of renewable resources, including returns of investment on terms
4 acceptable to the State Treasurer.

5 (5) Agencies ~~and~~ departments, and municipalities receiving funding
6 shall repay the Fund through their regular operating budget according to a
7 schedule established by the Commissioner. Repayment shall include charges
8 of fees for administrative costs over the term of the repayment.

9 (6) The Commissioner of Finance and Management may anticipate
10 receipts to this Fund and issue warrants based thereon.

11 (7) The Commissioner of Buildings and General Services shall maintain
12 accurate and complete records of all receipts by and expenditures from the
13 Fund.

14 (8) All balances remaining at the end of a fiscal year shall be carried
15 over to the following year; provided, however, that any amounts received in
16 repayment of the credit facility established under subsection (d) of this section
17 may be reinvested by the State Treasurer.

18 (d) Notwithstanding any other provision of law to the contrary, the State
19 Treasurer, working in collaboration with the Department of Buildings and
20 General Services, shall have the authority to establish a credit facility of up to
21 \$8,000,000.00, on terms acceptable to the State Treasurer. The credit facility

1 shall be used for the purpose of financing energy efficiency improvements and
2 the use of renewable resources anticipated to generate a cost-savings to the
3 State.

4 (e) As used in this section:

5 (1) "Energy efficiency improvement" means a set of measures aimed at
6 reducing the energy used by specific end-use devices and systems to provide
7 light, heat, cooling, or other services without affecting the level of service
8 provided. An energy efficiency project may also include energy conservation
9 measures; that is, a reduction in energy consumption that corresponds with a
10 reduction in service demand.

11 (2) "Renewables" has the same meaning as under 30 V.S.A. § 8002.

12 (3) "Resource conservation measures" means a set of measures,
13 including a study, product, process, or technology, aimed at reducing overall
14 use or consumption of energy resources in State buildings or facilities.

15 "Resource conservation measures" includes energy efficiency improvements.

16 (f) Beginning on or before January 15, 2015 and annually thereafter, the
17 Department of Buildings and General Services shall report to the House
18 Committee on Corrections and Institutions on the expenditure of funds from
19 the State Resource Management Revolving Fund for resource conservation
20 measures and the Energy Revolving Fund for energy efficiency improvements
21 and the use of renewable resources. For each fiscal year, the report shall

1 include a summary of each project receiving funding and the State's expected
2 savings and the expected savings by a municipality. The provisions of
3 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to
4 be made under this subsection.

5 Sec. 4. DEPARTMENT OF BUILDINGS AND GENERAL SERVICES;

6 STATE ENERGY RESOURCE FUND; REGIONAL PLANNING

7 COMMISSIONS; POSITIONS

8 (a) Department of Buildings and General Services. Two full-time,
9 temporary positions are created in the Department of Buildings and General
10 Services in fiscal years 2023 and 2024 to determine project eligibility;
11 coordinate with regional planning commissions to recruit and coordinate
12 auditors, engineers, and contractors; and provide financing technical assistance
13 for municipalities implementing projects using the State Resource
14 Management Revolving Fund pursuant to 29 V.S.A. § 168(b). These positions
15 shall be funded by Efficiency Vermont. No additional budget appropriation or
16 State funds shall be used for these positions.

17 (b) Regional planning commissions. The amount of \$2,000,000.00 in
18 general funds shall be appropriated to the Agency of Commerce and
19 Community Development's Community Development Program to create one
20 position at each regional planning commission in fiscal years 2023 and 2024 to
21 solicit, coordinate, and develop projects for covered municipalities through the
22 Municipal Fuel Switching Program.

