

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Energy and Technology to which was referred House  
3 Bill No. 518 entitled “An act relating to the creation of the Municipal Fuel  
4 Switching Grant Program” respectfully reports that it has considered the same  
5 and recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

7 \* \* \* Findings \* \* \*

8 Sec. 1. FINDINGS; MUNICIPAL ENERGY RESILIENCE

9 The General Assembly finds that:

10 (1) Vermont’s municipalities own and operate more than 2,000  
11 buildings and facilities, which are used to provide services to its citizens,  
12 including libraries; storing town vehicles; providing space for civic  
13 engagement; and connecting citizens to healthcare, education, and commercial  
14 interests.

15 (2) Vermont’s Global Warming Solutions Act sets aggressive targets for  
16 greenhouse gas emissions reductions, and the heating of buildings provide  
17 significant opportunities for meeting these targets.

18 (3) The volatile cost of fossil fuel heating is often one of the largest line  
19 items in a municipal budget, which impacts the residential and commercial  
20 taxpayers in that municipality.

21 (4) A modest expansion to the State Energy Management Program,  
22 established in 29 V.S.A. § 168, made in 2019 can assist municipalities with

1 responding to the greenhouse gas emissions targets set forth in the Global  
2 Warming Solutions Act.

3 (5) Connecting technical resources at the local, regional, and State level  
4 and expanding the State’s energy management program to include municipal  
5 buildings will promote increased resilience and sustained connection to critical  
6 services for all Vermonters.

7 Sec. 2. MUNICIPAL ENERGY RESILIENCE; DEPARTMENT OF  
8 BUILDINGS AND GENERAL SERVICES; ASSESSMENTS

9 (a) Energy resilience assessments. On or before September 1, 2022, the  
10 Department of Buildings and General Services shall issue a request for  
11 proposal for a comprehensive energy resilience assessment of covered  
12 municipal buildings and facilities.

13 (b) Request for proposal. The Commissioner of Buildings and General  
14 Services shall contract with an independent third party to conduct the  
15 assessment described in subsection (a) of this section. The assessment shall be  
16 completed on or before January 15, 2024.

17 (c) Application. A covered municipality, in coordination with a regional  
18 planning commission that shall assist a municipality in developing plans, shall  
19 submit an application to the Department of Buildings and General Services to  
20 receive an assessment of its buildings and facilities pursuant to the guidelines  
21 established in subsection (e) of this section.

1        (d) Scope. For each covered municipality, the assessment described in  
2        subsection (a) of this section shall include a scope of work, cost, and timeline  
3        for completion for each building or facility. The assessment shall also include:

4            (1) recommendations for improvements that reduce the operating and  
5        maintenance costs, enhance comfort, and reduce energy intensity in a  
6        municipal building or facility, including:

7            (A) the improvement or replacement, or both, of heating, ventilation  
8        and air conditioning systems;

9            (B) the use of a renewable energy source for heating systems,  
10       provided that recommendations for the use of a heating systems that uses fossil  
11       fuels is not eligible; and

12           (C) improvements to the buildings or facilities thermal envelope;

13           (2) an evaluation on the reasonableness of battery storage and EV  
14       charging stations and recommended locations, as applicable;

15           (3) an evaluation of the potential for on-site renewable energy  
16       generation options and recommendation on the one most feasible, as  
17       applicable;

18           (4) an estimate of costs for each recommendation;

19           (5) an estimate of system and equipment life cycle costs and  
20       consumption data; and

21           (6) the potential to phase the scope of work and suggest a prioritized  
22       order of completion separate from the energy assessment scope.

1       (e) Administration. The Department of Buildings and General Services  
2       shall establish guidelines for a covered municipality to receive an assessment  
3       and shall require at a minimum that:

4           (1) the covered municipality has access to high-speed Internet as defined  
5       in the State’s Telecommunication Plan set forth in 30 V.S.A. § 202c or a plan  
6       is in place by 2024 to ensure access to high-speed Internet;

7           (2) the municipality commits for at least a five-year period to have at  
8       least one space in a building that is being assessed that is available to the  
9       public to enable work, education, and health monitoring or telehealth; and

10          (3) any building that is assessed is compliant with the American  
11       Disabilities Act at the time the project is completed.

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

15       Sec. 3. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM

16       (a) Program established. In fiscal year 2023, there is established the  
17       Municipal Energy Resilience Grant Program to award grants to:

18           (1) make recommendations to municipalities on the use of renewable  
19       and efficient heating systems; and

20           (2) make necessary improvements to reduce emissions by reducing  
21       fossil fuel usage and increasing efficiency in municipally owned buildings.

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

4        (c) Administration; implementation.

5        (1) Grant awards. The Department of Buildings and General Services,  
6        in coordination with Efficiency Vermont, through the State Energy  
7        Management Program, shall administer the Program, which shall award grants  
8        for the following:

9                (A) not more than \$200,000.00 to each covered municipality for  
10              approved projects to replace fossil fuel heating systems with more efficient  
11              renewable energy heating systems in covered municipalities; and

12              (B) not more than \$4,000.00 to each covered municipality to  
13              facilitate community meetings and communication about municipal energy  
14              resilience.

15        (2) Grant program design. The Department of Buildings and General  
16        Services, in consultation with Efficiency Vermont; the Vermont League of  
17        Cities and Towns; regional planning commissions; and experts in the field of  
18        thermal enclosure, energy efficiency, and renewable building space systems,  
19        shall design the Program. The Program shall include a streamlined and  
20        minimal application process for a municipality to apply directly to Efficiency  
21        Vermont or with the assistance of a regional planning commission. The  
22        Program design shall establish:

1           (A) an outreach and education plan by regional planning  
2           commissions, including specific tactics to reach and support each covered  
3           municipality;

4           (B) an equitable system for distributing grants statewide on the basis  
5           of need according to a system of priorities, including the following ranked in  
6           priority order:

7                 (i) a municipality with the highest energy burden community  
8                 needs and lowest resources, as defined in Efficiency Vermont’s 2019 Energy  
9                 Burden Report;

10                (ii) a municipality that may not have administrative support to  
11                apply for grants;

12                (iii) geographic location;

13                (iv) community size; and

14                (v) whether another division of the municipality has already  
15                received a grant;

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

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

1 (d) Coordination. Efficiency Vermont shall coordinate with any other State  
2 entities and agencies working with covered municipalities to provide grants for  
3 the Program.

4 (e) Funding. The Program shall be funded by the American Rescue Plan  
5 Act Capital Projects Fund.

6 (g) A covered municipality is only eligible for a grant under this section if  
7 an assessment of its buildings and facilities has been conducted pursuant to  
8 Sec. 2 of this act.

9 Sec. 4. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM;

10 APPROPRIATION

11 In fiscal year 2023, the amount of \$48,400,000.00 shall be appropriated  
12 from the American Rescue Plan Act (ARPA) from the Capital Projects Fund to  
13 the Municipal Energy Resilience Grant Program for use as follows:

14 (1) The amount of \$2,400,000.00 shall be appropriated to the Agency of  
15 Commerce and Community Development for regional planning commissions  
16 to assist with grant and assessment applications and provide programming and  
17 technical assistance to covered municipalities.

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

20 (A) \$5,000,000.00 for hiring a contractor to conduct assessments  
21 pursuant to Sec. 2 of this act;

1           (B) \$1,000,000.00 for grants to covered municipalities to facilitate  
2           community meetings and communication about municipal energy resilience;  
3           and

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

6                           \* \* \* Municipal Energy Loan Program \* \* \*

7           Sec. 5. 29 V.S.A. § 168a is added to read:

8           § 168a. MUNICIPAL ENERGY LOAN PROGRAM

9           (a) Authority. The Department of Buildings and General Service is  
10           authorized to provide financing to municipalities through the Municipal  
11           Energy Loan Program for equipment replacement, studies, weatherization,  
12           construction of improvements affecting the use of energy resources, the  
13           implementation of energy efficiency and conservation measures, and the use of  
14           renewable resources.

15           (b) Loan eligibility and criteria. The Commissioner shall establish for the  
16           Program described in subsection (a) of this section:

17                   (1) criteria to determine eligibility for funding, including repayment  
18                   terms;

19                   (2) a priority basis for the selection process that ensures equitable  
20                   allocation of funds to municipalities, considering at least financial need,  
21                   geographic distribution, and ability to repay; and



1           (3) loan conditions that ensure accountability by a municipality  
2           receiving funds.

3           (c) Definitions. As used in this section:

4           (1) “Energy efficiency improvement” has the same meaning as in  
5           section 168 of this title.

6           (2) “Municipality” means a city, town, fire district or incorporated  
7           village, and all other governmental incorporated units.

8           (3) “Renewables” has the same meaning as in 30 V.S.A. § 8002.

9           (4) “Resource conservation measures” has the same meaning as in  
10          section 168 of this title.

11          Sec. 6. 29 V.S.A. § 168b is added to read:

12          § 168b. MUNICIPAL ENERGY REVOLVING FUND

13          (a) Creation. There is established the Municipal Energy Revolving Fund to  
14          provide financing for the Municipal Energy Loan Program established in  
15          section 168a of this title.

16          (b) Monies in the Fund. The Fund shall consist of:

17               (1) monies appropriated to the Fund or that are paid to it under  
18               authorization of the Emergency Board;

19               (2) loan repayment by municipalities; and

20               (3) fees for administrative costs paid by municipalities, which may be  
21          fixed by the Commissioner subject to the approval of the Secretary of  
22          Administration.

1        (c) Repayment terms. A municipality receiving funding shall repay the  
2        Fund through its regular operating budget according to a schedule established  
3        by the Commissioner. Repayment may include charges of fees for  
4        administrative costs over the term of the repayment.

5        (d) Fund administration.

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

8            (2) The Commissioner of Buildings and General Services shall maintain  
9        accurate and complete records of all receipts by and expenditures from the  
10       Fund.

11          (3) All balances remaining at the end of a fiscal year shall be carried  
12       over to the following year.

13        (e) Definitions. As used in this section:

14            (1) “Energy efficiency improvement” has the same meaning as in  
15        section 168 of this title.

16            (2) “Renewables” has the same meaning as in 30 V.S.A. § 8002.

17        (f) Annual report. Beginning on or before January 15, 2023 and annually  
18       thereafter, the Commissioner of Buildings and General Services shall report to  
19       the House Committees on Corrections and Institutions and on Energy and  
20       Technology and the Senate Committee on Institutions on the expenditure of  
21       funds from the Municipal Energy Revolving Fund. For each fiscal year, the  
22       report shall include a summary of each project receiving funding and the

1 municipality's expected savings. The provisions of 2 V.S.A. § 20(d)  
2 (expiration of required reports) shall not apply to the report to be made under  
3 this subsection.

4 Sec. 7. MUNICIPAL ENERGY REVOLVING FUND; FY 2023

5 APPROPRIATION

6 In FY 2023, to the extent permitted by federal law, the following amounts  
7 shall be transferred to the Department of Buildings and General Services from  
8 the Department of Public Service for the Municipal Energy Revolving Fund, as  
9 established in 29 V.S.A. § 168b:

10 (1) \$750,000.00 from the Energy Efficiency Revolving Loan Fund  
11 Capitalization Grant allocated in the Infrastructure Investment and Jobs Act,  
12 Public Law No. 117-58 upon acceptance of the grant by the State.

13 (2) \$1,500,000.00 from the Energy Efficiency and Renewable Energy  
14 Block Grant Fund in the Infrastructure Investment and Jobs Act, Public Law  
15 No. 117-58 upon acceptance of the grant by the State.

Commented [RW1]: Decision point as to when funds will be appropriated

16 Sec. 8. 2015 Acts and Resolves No. 58, Sec. E.112, as amended by 2019 Acts  
17 and Resolves No. 72, Sec. E.112, is further amended to read:

18 Sec. E.112 ENERGY EFFICIENCY; STATE BUILDINGS AND

19 FACILITIES

20 \* \* \*

1 (b) Notwithstanding any provision of Title 30 of the Vermont Statutes  
2 Annotated, Public Service Board order, or other provision of law to the  
3 contrary:

4 (1) The Department and Efficiency Vermont (EVT) shall augment the  
5 Program for a preliminary period of ~~eight~~ 11 years commencing in fiscal year  
6 2016 under which EVT shall provide the Department with support for the  
7 Program to deliver cost-effective energy efficiency and conservation measures  
8 to State buildings and facilities. The Department and EVT may agree to  
9 continue conducting this augmented Program in subsequent fiscal years, after  
10 considering recommendations for improvement based on evaluation of the  
11 preliminary period.

12 \* \* \*

13 (2) In addition to the requirements of subdivision (1) of this ~~section~~  
14 subsection, the project shall include provision by EVT of support for personnel  
15 to implement the Program during fiscal years 2016 to ~~2023~~ 2027.

16 \* \* \*

17 (B) Under this subdivision (2), EVT shall provide up to \$290,000  
18 during fiscal year 2016. For the remaining ~~seven~~ 10 fiscal years, EVT shall  
19 provide an additional amount sufficient to support annual salary and benefit  
20 adjustments. These funds shall be received in the Facilities Operations Fund  
21 established in 29 V.S.A. § 160a; and may be spent using excess receipts  
22 authority.

1 (3) The Public Service Board shall adjust any performance measures  
2 applicable to EVT to recognize the requirements of this section.

3 (c) The Department and EVT shall execute a new or amended  
4 memorandum of understanding to implement this section, which shall include  
5 targets for future energy savings, a process for determining how savings targets  
6 are met, and details of EVT's commitment for personnel over ~~an eight-year~~ a  
7 10-year time period.

8 (d) On or before October 1 of each year commencing in 2016 and ending in  
9 ~~2023~~ 2027, the Department and EVT shall provide a joint report on the  
10 implementation of this section.

11 \* \* \*

12 (5) The report to be submitted in 2019 ~~and~~, in 2023, and in 2027 shall  
13 contain an evaluation of the Program authorized under this section and any  
14 resulting recommendations, including recommendations related to Program  
15 continuation beyond ~~2023~~ 2027.

16 \* \* \*

17 Sec. 9. FY 2023; APPROPRIATION; DEPARTMENT OF BUILDINGS  
18 AND GENERAL SERVICES; REGIONAL PLANNING  
19 COMMISSIONS; POSITIONS

20 (a) Department of Buildings and General Services. Two full-time, limited-  
21 service positions are created in the Department of Buildings and General  
22 Services in fiscal years 2023 for three fiscal years as part of the expanded State

1 Energy Management Program, as set forth between Efficiency Vermont and  
2 the Department of Public Service. The positions shall be responsible for  
3 determining project eligibility; coordinating with regional planning  
4 commissions to recruit and coordinate auditors, engineers, and contractors; and  
5 providing financing technical assistance for municipalities implementing  
6 projects. These positions shall be funded by Efficiency Vermont pursuant to  
7 the authority set forth in 2015 Acts and Resolves No. 58, Sec. E.112, as  
8 amended by 2019 Acts and Resolves No. 72, Sec. E.112. No additional budget  
9 appropriation or State funds shall be used for these positions.

10 (b) Regional planning commissions. The amount of \$2,400,000.00 in  
11 General Funds shall be appropriated to the Agency of Commerce and  
12 Community Development’s Community Development Program to fund  
13 staffing at each regional planning commission in fiscal years 2023 and 2024 to  
14 solicit, coordinate, and develop projects for covered municipalities through the  
15 Municipal Energy Resilience Grant Program. The funding to RPCs shall be  
16 distributed as follows:

17 (1) Fifty-five percent of the funds shall be divided equally among the  
18 regional planning commissions; and

19 (2) Forty-five percent of the funds shall be allocated according to the  
20 number of Vermont member municipalities in each regional planning  
21 commission as of July 1 of each year.

**Commented [RW2]:** Each year does not make sense in this case because this is a one time appropriation so should it be “on July 1, 2022”?

\* \* \* Effective Date \* \* \*

Sec. 10. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

and that after passage the title of the bill be amended to read: “An act  
relating to municipal energy resilience initiatives”

(Committee vote: \_\_\_\_\_)

\_\_\_\_\_

Representative \_\_\_\_\_

FOR THE COMMITTEE