

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 Sec. 1. FINDINGS; MUNICIPAL ENERGY RESILIENCE

8 The General Assembly finds that:

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

14 (2) Vermont’s Global Warming Solutions Act sets aggressive targets for
15 greenhouse gas emissions reductions, and the heating of buildings and
16 transportation [vehicles?] provide the biggest opportunities for meeting these
17 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 is a part
6 of a plan to ensure access to high-speed Internet by 2024;

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) Efficiency Vermont, in coordination with the Department of
6 Buildings and General Services through the State Energy Management
7 Program, shall administer the Program, which shall award grants for the
8 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. Efficiency Vermont, in consultation with the
16 Department of Buildings and General Services; the Vermont League of Cities
17 and Towns; regional planning commissions; and experts in the field of thermal
18 enclosure, energy efficiency, and renewable building space systems, shall
19 design the Program, which shall include a streamlined and minimal application
20 process. The 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) Costs and fees.

2 (1) Efficiency Vermont is authorized to use up to [XXXXX] of any
3 amounts appropriated to the Program for direct labor costs.

Commented [RW1]: Note that Treasury does restrict the amount of ARPA funds that can be used for administrative costs

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

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

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

15 (f) Funding. The Program shall be funded by Coronavirus State and Local
16 Fiscal Recovery funds from the American Rescue Plan Act.

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

1 Sec. 4. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM;
2 APPROPRIATION

3 In fiscal year 2023, the amount of \$48,400,000.00 shall be appropriated
4 from the American Rescue Plan Act (ARPA) from the Coronavirus State and
5 Local Fiscal Recovery Fund to the Municipal Energy Resilience Grant
6 Program for use as follows:

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

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

13 (A) \$10,000,000.00 for hiring a contractor to conduct assessments
14 pursuant to Sec. 2 of this act;

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

18 (C) \$35,000,000.00 for grants to covered municipalities to replace
19 heating systems with more efficient renewable energy heating systems.

*** Municipal Energy Loan Program ***

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

§ 168a. MUNICIPAL ENERGY LOAN PROGRAM

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

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

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

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

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

(c) Definitions. As used in this section:

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

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

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

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

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

7 § 168b. MUNICIPAL ENERGY REVOLVING FUND

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

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

12 (1) monies appropriated to the Fund or that are paid to it under
13 authorization of the Emergency Board:

14 (2) loan repayment by municipalities; and

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

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

1 (d) Fund administration.

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

4 (2) The Commissioner of Buildings and General Services shall maintain
5 accurate and complete records of all receipts by and expenditures from the
6 Fund.

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

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

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

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

13 (f) Annual report. Beginning on or before January 15, 2023 and annually
14 thereafter, the Commissioner of Buildings and General Services shall report to
15 the House Committee on Corrections and Institutions and the Senate
16 Committee on Institutions on the expenditure of funds from the Municipal
17 Energy Revolving Fund. For each fiscal year, the report shall include a
18 summary of each project receiving funding and the municipality’s expected
19 savings. The provisions of 2 V.S.A. § 20(d) (expiration of required reports)
20 shall not apply to the report to be made under this subsection.

1 **Sec. 7. MUNICIPAL ENERGY REVOLVING FUND; FY 2023**

2 **APPROPRIATION**

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

7 (1) \$750,000.00 from the [XX GRANT].

8 (2) \$1,500,000.00 from the [EE Block Grant].

Commented [RW2]: Check with DPS

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

11 **Sec. E.112 ENERGY EFFICIENCY; STATE BUILDINGS AND**

12 **FACILITIES**

13 * * *

14 **(b) Notwithstanding any provision of Title 30 of the Vermont Statutes**
15 **Annotated, Public Service Board order, or other provision of law to the**
16 **contrary:**

17 **(1) The Department and Efficiency Vermont (EVT) shall augment the**
18 **Program for a preliminary period of ~~eight~~ 11 years commencing in fiscal year**
19 **2016 under which EVT shall provide the Department with support for the**
20 **Program to deliver cost-effective energy efficiency and conservation measures**
21 **to State buildings and facilities. The Department and EVT may agree to**
22 **continue conducting this augmented Program in subsequent fiscal years, after**

1 considering recommendations for improvement based on evaluation of the
2 preliminary period.

3 * * *

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

7 * * *

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

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

16 (c) The Department and EVT shall execute a new or amended
17 memorandum of understanding to implement this section, which shall include
18 targets for future energy savings, a process for determining how savings targets
19 are met, and details of EVT's commitment for personnel over ~~an eight year a~~
20 10-year time period.

1 (d) On or before October 1 of each year commencing in 2016 and ending in
2 ~~2023~~ 2027, the Department and EVT shall provide a joint report on the
3 implementation of this section.

4 * * *

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

9 * * *

10 Sec. 9. DEPARTMENT OF BUILDINGS AND GENERAL SERVICES;
11 STATE ENERGY RESOURCE FUND; REGIONAL PLANNING
12 COMMISSIONS; POSITIONS

13 (a) Department of Buildings and General Services. Two full-time, limited-
14 service positions are created in the Department of Buildings and General
15 Services in fiscal years 2023 for three fiscal years as part of the expanded State
16 Energy Management Program, as set forth between Efficiency Vermont and
17 the Department of Public Service. The positions shall be responsible for
18 determining project eligibility; coordinating with regional planning
19 commissions to recruit and coordinate auditors, engineers, and contractors; and
20 providing financing technical assistance for municipalities implementing
21 projects. These positions shall be funded by Efficiency Vermont pursuant to
22 the authority set forth in 2015 Acts and Resolves No. 58, Sec. E.112, as

1 amended by 2019 Acts and Resolves No. 72, Sec. E.112. No additional budget
2 appropriation or State funds shall be used for these positions.

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

10 (1) \$1,080,000.00 shall be allocated to each regional planning
11 commission on a per capita basis, accounting for the number of Vermont
12 residents a regional planning commission serves. The Vermont population of
13 each region will be determined using annual estimates of the Vermont
14 Department of Health, or U.S. Census data, whichever is more recent.

15 (2) \$1,080,000.00 shall be allocated to each regional planning
16 commission according to the number of Vermont member municipalities in
17 each regional planning commission as of July 1, 2022.

18 (3) \$240,000.00 of the balance shall be allocated to each regional
19 planning commission proportionately, based on Property Transfer Tax receipts
20 coming from the region for the preceding four quarters, according to the most
21 recent data available from the Vermont Department of Taxes.

