

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

8 **[TBD]**

9 Sec. 2. **MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM**

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

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

14 (2) make necessary improvements to reduce fossil fuel usage and use
15 renewable energy systems in municipally owned buildings.

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

19 (c) Administration; implementation.

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

4 (A) coordinate and provide consulting services to regional planning
5 commissions, which shall solicit and develop plans for each covered
6 municipality; and

7 (B) award grants for the following:

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

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

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

17 (2) Grant program design. Efficiency Vermont, in consultation with the
18 Department of Buildings and General Services; the Vermont League of Cities
19 and Towns; regional planning commissions; and experts in the field of thermal
20 enclosure, energy efficiency, and renewable building space systems, shall

1 design the Program, which shall include a streamlined and minimal application
2 process. The Program design shall establish:

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

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

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

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

14 (iii) geographic location;

15 (iv) community size; and

16 (v) whether another division of the municipality has already
17 received a grant;

18 (C) guidelines for renewable and energy efficiency buildings systems
19 resilience, durability, health, and efficiency measures and costs that will be
20 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 ENERGY RESILIENCE GRANT PROGRAM;
2 APPROPRIATION

3 In fiscal year 2023, the amount of \$48,400,000.00 in General Funds shall be
4 appropriated to the Municipal Energy Resilience Grant Program for use as
5 follows:

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

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

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

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

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

18 * * * Municipal Energy Management Program * * *

19 Sec. 3. [MUNICIPAL LOAN PROGRAM LANGUAGE; TBD]

20 Sec. 4. 2015 Acts and Resolves No. 58, Sec. E.112, as amended by 2019 Acts
21 and Resolves No. 72, Sec. E.112, is further amended to read:

1 provide an additional amount sufficient to support annual salary and benefit
2 adjustments. These funds shall be received in the Facilities Operations Fund
3 established in 29 V.S.A. § 160a, and may be spent using excess receipts
4 authority.

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

7 (c) The Department and EVT shall execute a new or amended
8 memorandum of understanding to implement this section, which shall include
9 targets for future energy savings, a process for determining how savings targets
10 are met, and details of EVT's commitment for personnel over ~~an eight-year~~ a
11 10-year time period.

12 (d) On or before October 1 of each year commencing in 2016 and ending in
13 ~~2023~~ 2027, the Department and EVT shall provide a joint report on the
14 implementation of this section.

15 * * *

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

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

2 STATE ENERGY RESOURCE FUND; REGIONAL PLANNING

3 COMMISSIONS; POSITIONS

4 (a) Department of Buildings and General Services. Two full-time,
5 temporary positions are created in the Department of Buildings and General
6 Services in fiscal years 2023 for three fiscal years as part of the expanded State
7 Energy Management Program, as set forth between Efficiency Vermont and
8 the Department of Public Service. The positions shall be responsible for
9 determining project eligibility; coordinating with regional planning
10 commissions to recruit and coordinate auditors, engineers, and contractors; and
11 providing financing technical assistance for municipalities implementing
12 projects [using the State Resource Management Revolving Fund pursuant to 29
13 V.S.A. § 168(b)]. These positions shall be funded by Efficiency Vermont
14 pursuant to the authority set forth in 2015 Acts and Resolves No. 58, Sec.
15 E.112, as amended by 2019 Acts and Resolves No. 72, Sec. E.112. No
16 additional budget appropriation or State funds shall be used for these positions.

17 (b) Regional planning commissions. The amount of \$2,400,000.00 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.

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*** Effective Date ***

Sec. 5. 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