

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 **or**  
8       **create** at least one space in a building that is being assessed that is available to  
9       the 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 for weatherization, thermal efficiency, replacement of fossil  
11        fuel heating systems with more efficient renewable energy heating systems,  
12        and any other expenditures necessary for the project to be eligible for funding  
13        under federal law and guidelines; and

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

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

1 Department of Buildings and General Services or with the assistance of a  
2 regional planning commission. 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) Coordination. The Department of Buildings and General Services shall  
5           coordinate with any other State entities and agencies working with covered  
6           municipalities to provide grants for the Program.

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

9           (f) **Assessment.** A covered municipality is only eligible for a grant under  
10           this section if an assessment of its buildings and facilities has been conducted  
11           pursuant to Sec. 2 of this act.

12           Sec. 4. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM;

13           APPROPRIATION

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

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

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

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

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

6           (C) \$40,000,000.00 for grants to covered municipalities for  
7           weatherization, thermal efficiency, and to replace heating systems with more  
8           efficient renewable energy heating systems.

9                                   \* \* \* Municipal Energy Loan Program \* \* \*

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

11           § 168a. MUNICIPAL ENERGY LOAN PROGRAM

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

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

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



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

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

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

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

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

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

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

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

15          § 168b. MUNICIPAL ENERGY REVOLVING FUND

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

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

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

22               (2) loan repayment by municipalities; and

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

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

8           (d) Fund administration.

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

11          (2) 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          (3) All balances remaining at the end of a fiscal year shall be carried  
15          over to the following year.

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

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

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

20          (f) Annual report. Beginning on or before January 15, 2023 and annually  
21          thereafter, the Commissioner of Buildings and General Services shall report to  
22          the House Committees on Corrections and Institutions and on Energy and

1 Technology and the Senate Committee on Institutions on the expenditure of  
2 funds from the Municipal Energy Revolving Fund. For each fiscal year, the  
3 report shall include a summary of each project receiving funding and the  
4 municipality’s expected savings. The provisions of 2 V.S.A. § 20(d)  
5 (expiration of required reports) shall not apply to the report to be made under  
6 this subsection.

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

8 APPROPRIATION; **REPORT**

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

13 (1) **not more than \$750,000.00** from the Energy Efficiency Revolving  
14 Loan Fund Capitalization Grant allocated in the Infrastructure Investment and  
15 Jobs Act, Pub. L. No. 117-58 pursuant to the process set forth in 32 V.S.A. § 5;  
16 and

17 (2) **not more than \$1,500,000.00** from the Energy Efficiency and  
18 Renewable Energy Block Grant Fund in the Infrastructure Investment and Jobs  
19 Act, Pub. L. No. 117-58 pursuant to the process set forth in 32 V.S.A. § 5.

20 **(b) On or before January 15, 2023, the Department of Public Service shall**  
21 **report to the House Committee on Energy and Technology and the Senate**  
22 **Committee on Finance on the total grant amounts approved by the State and**

1 transferred to the Municipal Energy Revolving Fund pursuant to subsection (a)  
2 of this section.

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

5 Sec. E.112 ENERGY EFFICIENCY; STATE BUILDINGS AND  
6 FACILITIES

7 \* \* \*

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

11 (1) The Department and Efficiency Vermont (EVT) shall augment the  
12 Program for a preliminary period of ~~eight~~ 11 years commencing in fiscal year  
13 2016 under which EVT shall provide the Department with support for the  
14 Program to deliver cost-effective energy efficiency and conservation measures  
15 to State buildings and facilities, with the goal of this pilot to create a self-  
16 sustaining program at the Department, with annual savings from energy  
17 projects exceeding the annual cost to staff the Program. The Department and  
18 EVT may agree to continue conducting this augmented Program in subsequent  
19 fiscal years, after considering recommendations for improvement based on  
20 evaluation of the preliminary period.

21 \* \* \*

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

4 \* \* \*

5 (B) Under this subdivision (2), EVT shall provide up to \$290,000  
6 during fiscal year 2016. For the remaining ~~seven~~ 10 fiscal years, EVT shall  
7 ~~provide an additional amount sufficient to support annual salary and benefit~~  
8 ~~adjustments~~ make available under agreement with the Department an  
9 additional amount sufficient to support annual salary and benefit adjustments.

10 These funds shall be received in the Facilities Operations Fund established in  
11 29 V.S.A. § 160a, and may be spent using excess receipts authority.

12 Efficiency Vermont and the Department may agree to adjust the funding  
13 committed to this Program based on a joint evaluation that annual energy  
14 savings generated by this Program exceed the annual cost of the staff positions.

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

17 (c) The Department and EVT shall execute a new or amended  
18 memorandum of understanding to implement this section, which shall include  
19 targets for future energy savings, a process for determining how savings targets  
20 are met, and details of EVT's commitment for personnel over ~~an eight-year a~~  
21 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. FY 2023; APPROPRIATION; DEPARTMENT OF BUILDINGS  
11 AND GENERAL SERVICES; 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 shall be  
9 distributed as follows:

10 (1) Fifty-five percent of the funds shall be divided equally among the  
11 regional planning commissions.

12 (2) Forty-five percent of the funds shall be allocated according to the  
13 number of Vermont member municipalities in each regional planning  
14 commission as of July 1, 2022.

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

16 Sec. 10. EFFECTIVE DATE

17 This act shall take effect on July 1, 2022.

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

20  
21  
22 (Committee vote: \_\_\_\_\_)

1  
2  
3

\_\_\_\_\_

Representative \_\_\_\_\_

FOR THE COMMITTEE