

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

DRAFT FISCAL NOTE

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Prepared by: Breanna Parker

S. 109 – An act relating to the Vermonters’ Enhanced Energy Savings Act – Draft 3.1 – As recommended out of the Senate Committee on Natural Resources and Energy

<https://legislature.vermont.gov/Documents/2022/WorkGroups/Senate%20Natural%20Resources/Bills/S.109/S.109~Ellen%20Czajkowski~%20Draft%203.1,%203-11-2021~3-11-2021%20-%20Copy.pdf>

Bill Summary:

This bill proposes to set a goal of weatherizing 120,000 homes and reduce greenhouse gas emissions by 0.32 MMTCO_{2e} by 2031. This bill authorizes a Public Utility Commission proceeding regarding the implementation of a volumetric thermal energy efficiency charge to support funding for thermal energy efficiency programs. The bill tasks the Department of Labor to develop a weatherization workforce report. In addition, the bill proposes to create the Energy Savings Fund administered by the Department of Public Service to fund energy savings programs, including weatherization and transportation programs. This act shall take effect on passage, except for appropriations which shall take effect on July 1, 2021.

Fiscal Impact:

The fiscal impacts of the bill are largely related to their appropriations. The bill sets a goal of weatherizing 120,000 over ten years, however, it does not raise revenues to do so. It tasks the Public Utility Commission in finding funding sources.

Appropriations

The bill allocates \$35,000,000 from General Fund sources in FY2022 to the newly-created Energy Savings Fund. (This may be changed to other sources.)

The following breaks down the total appropriation:

1. Home Weatherization Assistance Program: \$4,000,000 over 2022 and 2023 to Department for Children and Families, Office of Economic Opportunity
 - a. Up to \$150,000 may be used for vermiculite remediation and home repair as part of home weatherization
2. Low-cost financing to municipalities seeking to leverage energy savings: \$4,000,000 to Department of Buildings and General Services

3. Vermont Housing Finance Agency: \$9,000,000 to the Agency of Administration
4. Vermont Energy Investment Corporation (VEIC) to supplement programs delivered by Efficiency Vermont: \$5,000,000 to the Department of Public Service
5. VEIC to support NeighborWorks of Western Vermont's Heat Squad program statewide: \$2,000,000 to the Department of Public Services
6. Affordable Community-Scale Renewable Energy Program: \$9,000,000
7. To support projects offering innovative methods of financing energy savings measures, including to-the-meter programs: \$2,000,000

The Energy Savings Fund will be managed in accordance with 32 V.S.A. chapter 7, subchapter 5 and administered by the Department of Public Services. This Fund shall be made up of any funds appropriated or deposited into the fund.

Weatherization Estimate

The bill does not raise revenues for the Home Weatherization Trust Fund via the Fuel Tax (which provides revenues for the Fund). Instead, it sets a goal of weatherizing 120,000 homes over 10 years. Funding sources are not specified.

Currently, the Home Weatherization Trust Fund receives about \$9 to \$10 million per year in revenues from the Fuel Tax. With this money, roughly 1,080 homes are weatherized each year through the Weatherization Assistance Program administered by the Vermont Department for Children and Families (DCF). This program exclusively targets low-income Vermonters.

JFO estimates that a significant amount of revenue would need to be raised or diverted from elsewhere in the budget to achieve the target of 120,000 weatherized homes by 2031. To estimate the cost of weatherizing 120,000 homes, this analysis assumes the average weatherization cost of \$8,500 per home.¹ If it is assumed the same amount of homes are weatherized each year, then 12,000 homes must be weatherized per year.

- **Total Cost for Weatherization of 120,000 Homes: \$1,020 million**
- **Annual Cost for Weatherization of 12,000 Homes: \$102 million per year**

¹ Per Sec. E.326.2 of the FY 2020 budget