

1 TO THE HONORABLE SENATE:

2 The Committee on Natural Resources and Energy to which was referred  
3 House Bill No. 518 entitled “An act relating to municipal energy resilience  
4 initiatives” respectfully reports that it has considered the same and  
5 recommends that the Senate propose to the House that the bill be amended by  
6 striking out all after the enacting clause and inserting in lieu thereof the  
7 following:

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.

1           (4) A modest expansion to the State Energy Management Program,  
2           established in 29 V.S.A. § 168, made in 2019 can assist municipalities with  
3           responding to the greenhouse gas emissions targets set forth in the Global  
4           Warming Solutions Act.

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

9           Sec. 2. MUNICIPAL ENERGY RESILIENCE; DEPARTMENT OF

10           BUILDINGS AND GENERAL SERVICES; ASSESSMENTS

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

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

19           (c) Application. A covered municipality, in coordination with a regional  
20           planning commission that shall assist a municipality in developing plans, shall  
21           submit an application to the Department of Buildings and General Services to

1 receive an assessment of its buildings and facilities pursuant to the guidelines  
2 established in subsection (e) of this section.

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

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

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

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

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

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

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

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

1           (5) an estimate of system and equipment life cycle costs and  
2           consumption data; and

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

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

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

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

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

16           Sec. 3. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM

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

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

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

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

6           (c) Administration; implementation.

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

11           (A) not more than \$500,000.00 to each covered municipality for  
12           approved projects for weatherization, thermal efficiency, to supplement or  
13           replace fossil fuel heating systems with more efficient heating systems, and  
14           any other expenditures necessary for the project to be eligible for funding  
15           under federal law and guidelines; and

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

19           (2) Grant program design. The Department of Buildings and General  
20           Services, in consultation with Efficiency Vermont; the Vermont League of  
21           Cities and Towns; regional planning commissions; and experts in the field of

1 thermal enclosure, energy efficiency, and renewable building space systems,  
2 shall design the Program. The Program shall include a streamlined and  
3 minimal application process for a municipality to apply directly to the  
4 Department of Buildings and General Services or with the assistance of a  
5 regional planning commission. The Program design shall establish:

6 (A) an outreach and education plan by regional planning  
7 commissions, including specific tactics to reach and support each covered  
8 municipality;

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

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

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

17 (iii) geographic location;

18 (iv) community size; and

19 (v) whether another division of the municipality has already  
20 received a grant;

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

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

7           (d) Coordination. The Department of Buildings and General Services shall  
8           coordinate with any other State entities and agencies working with covered  
9           municipalities to provide grants for the Program.

10          (e) Funding. The Program shall be funded by the American Rescue Plan  
11          Act **State and Local Fiscal Recovery Fund.**

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

15          Sec. 4. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM;

16                    APPROPRIATION

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

1           (1) The amount of \$2,400,000.00 shall be appropriated to the  
2           Department of Buildings and General Services for regional planning  
3           commissions to assist with grant and assessment applications and provide  
4           programming and technical assistance to covered municipalities. The funding  
5           to regional planning commissions shall be distributed as follows:

6                   (A) Fifty-five percent of the funds shall be divided equally among the  
7                   regional planning commissions.

8                   (B) Forty-five percent of the funds shall be allocated according to the  
9                   number of Vermont member municipalities in each regional planning  
10                  commission as of July 1, 2022.

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

15                   (B) \$1,000,000.00 for costs associated with administering the grant  
16                   program; and

17                   (C) \$40,000,000.00 for grants to covered municipalities for  
18                   weatherization, thermal efficiency, and to supplement or replace less efficient  
19                   heating systems.



1                                   \* \* \* Municipal Energy Loan Program \* \* \*

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

3           § 168a. MUNICIPAL ENERGY LOAN PROGRAM

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

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

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

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

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

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

20                   (1) “Energy efficiency improvement” has the same meaning as in  
21           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 and;

13                   (2) loan repayment by municipalities

14           (c) Repayment terms. A municipality receiving funding shall repay the  
15 Fund through its regular operating budget according to a schedule established  
16 by the Commissioner.

17           (d) Fund administration.

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

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

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

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

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

1 **Sec. 7.** MUNICIPAL ENERGY REVOLVING FUND; DEPARTMENT OF  
2 BUILDINGS AND GENERAL SERVICES; FEE  
3 RECOMMENDATION

4 On or before January 15, 2023, the Commissioner of Buildings and General  
5 Services shall submit a recommendation to the House Committee on Ways and  
6 Means and the Senate Committee on Finance for a fee amount to be charged to  
7 pay for administrative costs associated with the Municipal Energy Revolving  
8 Fund.

9 **Sec. 8.** MUNICIPAL ENERGY REVOLVING FUND; FY 2023  
10 APPROPRIATION; REPORT

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

15 (1) not more than \$800,000.00 from the Energy Efficiency Revolving  
16 Loan Fund Capitalization Grant allocated in the Infrastructure Investment and  
17 Jobs Act, Pub. L. No. 117-58 pursuant to the process set forth in 32 V.S.A. § 5;  
18 and

19 (2) not more than \$2,000,000.00 from the Energy Efficiency and  
20 Renewable Energy Block Grant Fund in the Infrastructure Investment and Jobs  
21 Act, Pub. L. No. 117-58 pursuant to the process set forth in 32 V.S.A. § 5.

1       **(b) On or before January 15, 2023, the Department of Public Service shall**  
2       **report to the House Committee on Energy and Technology and the Senate**  
3       **Committee on Finance on the total grant amounts approved by the State and**  
4       **transferred to the Municipal Energy Revolving Fund pursuant to subsection (a)**  
5       **of this section.**

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

8             Sec. E.112 ENERGY EFFICIENCY; STATE BUILDINGS AND  
9   FACILITIES

10   \* \* \*

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

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

1 fiscal years, after considering recommendations for improvement based on  
2 evaluation of the preliminary period.

3 \* \* \*

4 (2) In addition to the requirements of subdivision (1) of this subsection,  
5 the project shall include provision by EVT of support for personnel to  
6 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~~ make available under agreement with the Department an  
12 additional amount sufficient to support annual salary and benefit adjustments.  
13 These funds shall be received in the Facilities Operations Fund established in  
14 29 V.S.A. § 160a, and may be spent using excess receipts authority.  
15 Efficiency Vermont and the Department may agree to adjust the funding  
16 committed to this Program based on a joint evaluation that annual energy  
17 savings generated by this Program exceed the annual cost of the staff positions.

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

20 (c) The Department and EVT shall execute a new or amended  
21 memorandum of understanding to implement this section, which shall include

1 targets for future energy savings, a process for determining how savings targets  
2 are met, and details of EVT’s commitment for personnel over ~~an eight-year~~ a  
3 10-year time period.

4 (d) On or before October 1 of each year commencing in 2016 and ending in  
5 ~~2023~~ 2027, the Department and EVT shall provide a joint report on the  
6 implementation of this section.

7 \* \* \*

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

12 \* \* \*

13 **Sec. 10.** FY 2023; APPROPRIATION; DEPARTMENT OF BUILDINGS  
14 AND GENERAL SERVICES; REGIONAL PLANNING  
15 COMMISSIONS; POSITIONS

16 (a) Department of Buildings and General Services. Two full-time, limited-  
17 service positions are created in the Department of Buildings and General  
18 Services in fiscal year 2023 for three fiscal years to administer the municipal  
19 energy resilience assessments pursuant to Sec. 2 of this act. The positions shall  
20 be responsible for determining project eligibility; coordinating with the State  
21 Energy Management Program to recruit and coordinate auditors, engineers,

1 and contractors; and providing financing technical assistance for municipalities  
2 implementing projects. These positions shall be funded from the amount  
3 appropriated in Sec. 4(2)(A) of this act.

4 (b) Department of Buildings and General Services; Municipal Energy  
5 Resilience Grant Program. Two full-time, limited-service positions are created  
6 in the Department of Buildings and General Services in fiscal year 2023 for  
7 three fiscal years to administer the Municipal Energy Resilience Grant  
8 Program created in Sec. 3 of this act. The positions shall be funded from the  
9 amount of \$1,000,000.00 for administrative costs appropriated in Sec. 4(2)(B)  
10 of this act.

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

12 **Sec. 11. EFFECTIVE DATE**

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

14

15

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

17

\_\_\_\_\_

18

Senator \_\_\_\_\_

19

FOR THE COMMITTEE