



Buildings and General Services Energy Audit

House Energy and Digital Infrastructure Committee Presentation

April 22, 2026

“As one of Vermont's largest energy users, state government has an important role to play in demonstrating how public- and private-sector organizations from across the state can contribute to meeting Vermont's energy and climate goals, while also saving money...”

- Quote from the [current State Agency Energy Plan](#)

AUDIT ISSUED: January 20, 2026

Objective #1: Evaluate how the State is measuring State government's progress in meeting the SAEP goals

Objective #2: Determine whether the BGS Energy Office selects the most cost-efficient energy savings projects for buildings

Objective #3: Determine whether the BGS Energy Office assessed the outcomes of energy savings projects for buildings

Report of the Vermont State Auditor



DOUGLAS R. HOFFER
Vermont State Auditor

State Agency Energy Plan and the State Energy Management Program

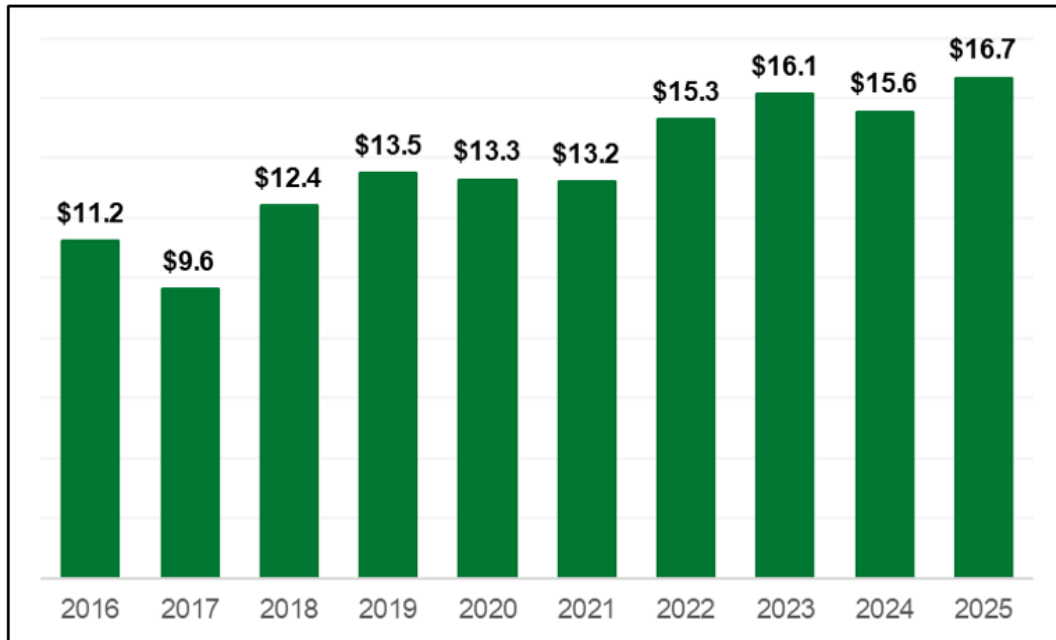
Improvements Needed for Tracking and
Reducing State Energy Consumption;
BGS Overstated Savings in a Selection of
Energy Efficiency Projects

January 20, 2026

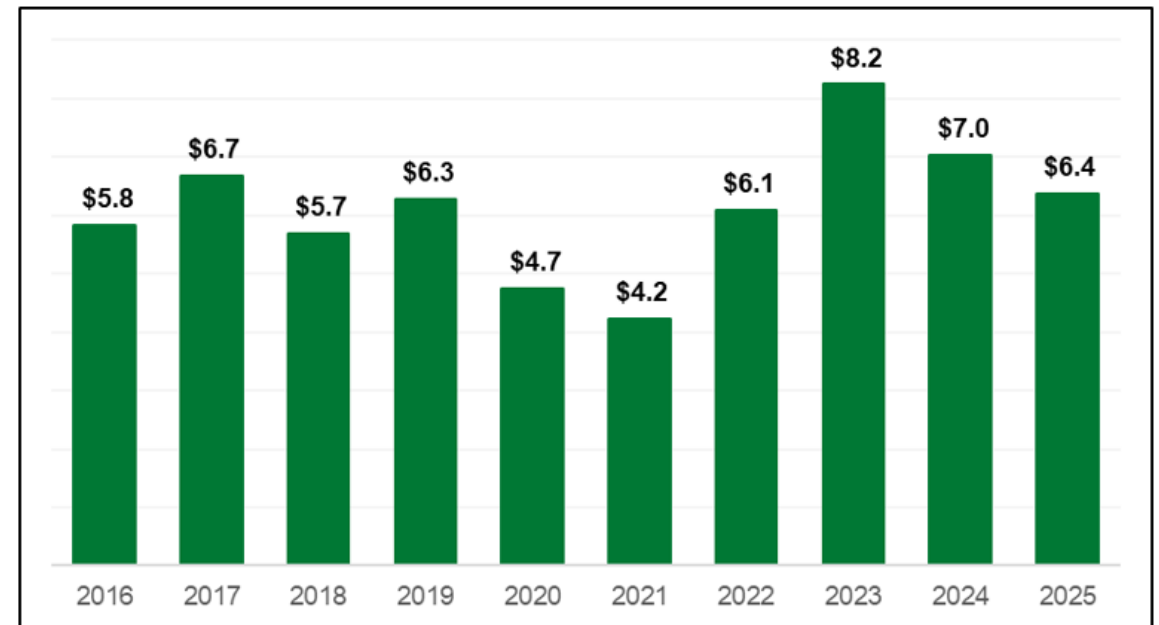
Rpt. No. 26-02

In the last ten fiscal years (2016-2025), the energy costs in state government buildings have cost taxpayers \$137 million. State government’s use of gasoline and diesel transportation fuels has cost taxpayers \$61 million during the same period.

State Government Building Energy Cost (in millions) by Fiscal Year



State Government’s Gasoline & Diesel Costs (in millions) by Fiscal Year



Since the 1990s the State has developed a State Agency Energy Plan (SEAP) to provide strategies to reduce energy consumption and associated pollution by state entities. [In 2011](#), the Legislature required state entities to reduce their energy consumption by five percent annually. [In 2014](#), it created the State Energy Management Program (SEMP) to identify and implement energy efficiency projects in State buildings.

The Three Primary Goals in [the 2022](#) and 2016 SAEP

2022 SAEP	2016 SAEP
1. Reduce total energy consumption by 40 percent by 2025, and by 50 percent by 2035.	1. Reduce total energy consumption by 20 percent by 2025, and by 25 percent by 2035
2. Meet 35 percent of the remaining energy needs from renewable sources by 2025, and 45 percent by 2035.	2. Meet 35 percent of the remaining energy needs from renewable sources by 2025, and 45 percent by 2035
3. 40 percent reduction of greenhouse gas emissions below 1990 levels by 2030.	3. 40 percent reduction of greenhouse gas emissions below current levels by 2030.

Audit Objective 1 Finding

- Biennially, BGS is required to report to the Secretary of Administration on the implementation of the SAEP. BGS has not been doing so.

BGS cannot reliably report on progress towards achieving the goals of the SAEP for the following reasons:

- BGS has not established a system to capture all State-owned building energy use. BGS only controls approx. 60% of State-owned building space in 2025 Space Book.
- BGS does not have documented baselines against which to measure progress.
- BGS has not implemented a system to capture the amount of energy used in leased building spaces, which is paid for by the State either directly or as part of the lease.
- BGS has not implemented a system to accurately capture the quantity of transportation fuels used by State employees.

State-owned Versus Leased Space

Building Space	Gross Square Footage (SF)	Percent of Total SF
State-owned	7,030,476	88%
State-leased	932,994	12%
Total	7,963,470	100%

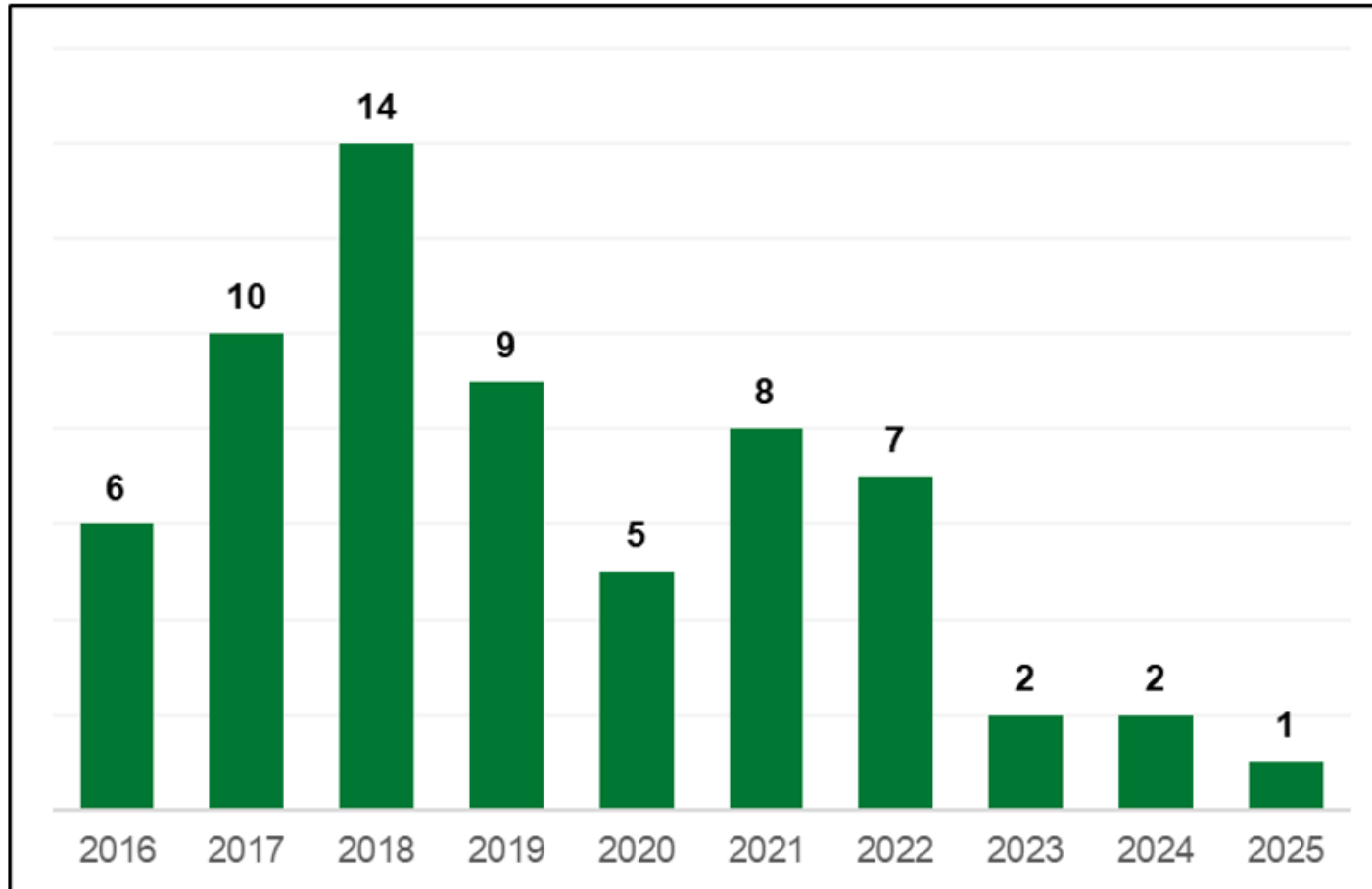
Audit Objective 2 Finding

- BGS generally selects the most cost-effective energy efficiency projects, but questionable loan application practices open the door for waste.
- The number of projects completed has fallen sharply since 2022.
- BGS may be missing opportunities to identify and generate energy and cost savings because it only contracts for energy audits on buildings it controls, not other State-owned buildings, and BGS does not consider leased space for energy efficiency projects.

Example of Questionable Project

We identified one project, a lighting project at the Barre Courthouse, where the State did not receive a positive return on investment. This project cost \$72,749 more than BGS reported it would save over the useful life of the project. Efficiency Vermont's estimated lifetime savings for this project were even less than what BGS reported: using EVT's lifetime savings, this project cost \$143,170 more than it will ever save. This project was "bundled" with a lighting upgrade in the Rutland parking garage into a single SERF loan, so that the aggregate had a positive return and a payback period within the SERF limit.

Number of Energy Efficiency Projects Completed by Fiscal Year



Audit Objective 3 Finding

- The BGS Energy Office did not reliably assess outcomes of energy savings projects for buildings. A Memorandum of Understanding (MOU) between BGS and EVT required EVT to finalize and document the savings resulting from energy efficiency projects. We selected 13 projects completed between fiscal years 2018 and 2025 and compared the lifetime dollar savings that BGS recorded with the lifetime savings that EVT recorded. We found that BGS's lifetime dollar savings differed by more than 30 percent from EVT's lifetime dollar savings for 9 of the projects, indicating BGS did not finalize savings data with EVT. **Overall, BGS overstated lifetime dollar savings by \$1,666,511 for the projects reviewed when compared to the lifetime savings recorded by EVT.**

Amount by which BGS Overstated Lifetime Dollar Savings Compared to EVT's Validated Savings for Selected Projects

Project Name	BGS Lifetime \$ Savings Less Maintenance Savings	EVT Lifetime \$ Savings	Overstatement of \$ Savings	Overstatement Percent
133 State Street, Montpelier	\$802,174	\$280,136	\$522,038	186%
Springfield State Office Building	\$1,016,955	\$594,218	\$422,737	71%
Middlebury District Courthouse	\$503,576	\$147,781	\$355,795	241%
Brattleboro Courthouse	\$178,409	\$44,285	\$134,124	303%
Newport State Office Building	\$289,728	\$219,357	\$70,370	32%
Saint Johnsbury Courthouse	\$231,305	\$167,636	\$63,669	38%
Rutland Parking Garage	\$470,570	\$414,457	\$56,113	14%
Ed Weed & Salisbury Fish Culture	\$432,971	\$413,159	\$19,812	5%
White River Junction Courthouse	\$15,348	\$5,134	\$10,214	199%
Brattleboro State Office Building	\$21,269	\$11,895	\$9,374	79%
Rutland Parking Garage Tunnel	\$16,763	\$9,415	\$7,348	78%
Pittsford Firehouse	\$29,375	\$28,648	\$727	3%
Royalton Police Barracks	\$17,968	\$23,779	-\$5,810	-24%
Total	\$4,026,410	\$2,359,900	\$1,666,511	71%

Recommendations

1. Report biennially to the Secretary of Administration on the implementation of <u>the SAEP</u> and the progress towards its goals.	8	Vermont law, 3 V.S.A. § 2291(f), requires the BGS Commissioner to biennially report to the Secretary of Administration on the implementation of the SAEP. However, BGS has not done so.
2. Develop and implement an accounting system that captures all State building energy use, including leased buildings.	8-10	BGS does not see the energy bills that other State entities pay and has not established a system to capture energy consumption data from those bills.
3. Develop documented baselines for the SAEP goals.	9-10	The SAEP does not indicate what those baselines are for two of its goals, and the BGS Energy Office could not tell us what the baselines are for those goals.

Recommendations

<p>4. Develop and implement a system to capture the amount of transportation fuels used by State employees.</p>	<p>11</p>	<p><u>Similar to</u> how the BGS Energy Office has not implemented a way to accurately track energy usage in all State buildings, including leased space, BGS has also not implemented a way to accurately track gasoline and diesel use in State vehicles.</p>
<p>5. Amend the SEMP guidelines to clarify that even when projects are bundled to reduce the average payback period, every project and every measure must still comply with the statutory requirement to achieve <u>an overall</u> financial savings.</p>	<p>11-12</p>	<p>A project in Barre with a negative return on investment was approved because it was bundled with another project in Rutland that had a more favorable return on investment, hiding the fact that the Barre project cost more money than it saved.</p>
<p>6. Amend the SEMP standard operating procedure to clarify that when SERF or SRMRF is combined with other funding sources, the entire investment must generate a positive return.</p>	<p>12-13</p>	<p>A lighting upgrade project at 133 State Street in Montpelier cost \$550,687 more than its expected lifetime savings. BGS used both SEMP and non-SEMP funds for this project. BGS's SEMP standard operating procedures allow for the use of non-SEMP funds for projects, but do not address whether the requirement for a positive return on investment applies to the entire investment, including the portion paid for by non-SEMP funds.</p>

Recommendations

<p>7. Contract for energy audits on buildings controlled by all State entities, not just BGS-controlled buildings.</p>	<p>13-14</p>	<p>BGS does not contract for energy audits for buildings controlled by other State entities. Vermont law requires BGS to conduct investment-grade audits to develop a pipeline of energy efficiency and conservation measures to be implemented through the SEMP. This requirement applies to all State buildings, but BGS does not contract for energy audits in buildings not under its control.</p>
<p>8. Require energy auditors to include in their reports estimates of lifetime savings as well as annual savings.</p>	<p>12 & 15</p>	<p>Lifetime savings are a critical component in determining whether a project will have a positive return on investment.</p>
<p>9. Implement the operations procedures for the use of energy efficiency measures, thermal energy conservation measures, and renewable energy resources in leased space.</p>	<p>14</p>	<p>State law requires BGS to develop criteria and guidelines to reduce energy consumption for leased space. BGS developed procedures that state how BGS <u>is to use</u> that data to identify leased properties that may be candidates for energy efficiency projects. However, BGS has not implemented those procedures.</p>

Recommendations

<p>10. Implement more energy efficiency projects to attain at least the first-year savings target.</p>	<p>14-16 & 20-21</p>	<p>BGS has completed an extremely limited number of energy efficiency projects in recent years. BGS has not achieved its SEMP goal of \$150,000 in new annual savings for <u>the majority of the fiscal years</u> from 2017 through 2025.</p>
<p>11. Regularly finalize and reconcile energy savings data with corresponding data maintained by the efficiency utilities and ensure EVT verifies the accuracy of energy savings data prior to issuing public reports to the Legislature.</p>	<p>16-19</p>	<p>BGS does not regularly update annual dollar savings with EVT-validated data after the completion of a verification inspection, resulting in the reporting of erroneous and misleading data.</p>
<p>12. Align the SAEP goals with the goals outlined in Act 40 (2011) or ask the Legislature to revise the statute.</p>	<p>19</p>	<p>The Legislature, through Act 40 (2011), required all state entities to reduce their energy consumption by 5 percent annually, including fuel used by their employees to travel to and from meetings during the workday. This means that by 2025, the State would have had to reduce its total energy consumption by 50 percent, and by 70 percent by 2035.</p>

Recommendations

13. Execute a new or amended MOU with EVT.

19-20

The MOU between BGS and EVT expired in 2019. The Legislature has twice required BGS and EVT to execute a new or amended MOU: Act 72 (2019) and Act 172 (2022). However, BGS and EVT have not done so and remain in contravention of the law.

14. Do not include ongoing savings from solar net metering savings when calculating the annual performance for the SEMP.

20-21

In the annual SEMP report, BGS reports the results of its activities. This includes the annual savings generated by projects completed in the year, which addresses the requirement to generate \$150,000 of new annual savings each year. The total “First-year savings” reported includes solar net metering savings that include all annual savings, not just new savings. The “First-year savings” number reported is therefore an overstatement.