

HB 615-FN-A - AS INTRODUCED

2015 SESSION

15-0811  
06/03

HOUSE BILL

***615-FN-A***

AN ACT

relative to funding for state energy efficiency programs.

SPONSORS:

Rep. Backus, Hills 19; Rep. Borden, Rock 24; Rep. Richardson, Coos 4;  
Sen. Fuller Clark, Dist 21

COMMITTEE:

Science, Technology and Energy

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ANALYSIS

This bill:

- I. Extends the dates for agencies to file certain reports concerning energy consumption.
- II. Deletes a reference to a committee that is no longer in existence.
- III. Changes the name of the energy efficiency fund.
- IV. Requires certain cost savings to revert to the energy fund.
- V. Authorizes the department of administrative services, division of public works design and construction, to oversee construction of state projects.

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Explanation:

Matter added to current law appears in ***bold italics***.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Fifteen*

AN ACT relative to funding for state energy efficiency programs.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 Energy Consumption Reduction Goal; Reports. Amend RSA 21-I:14-c to read as follows:

2 21-I:14-c Energy Consumption Reduction Goal; Reports.

3 I. Each state department shall identify cost-effective measures to reduce fossil fuel  
4 consumption by 25 percent by 2025 in state buildings, on a square foot basis, compared to a 2005  
5 baseline. Implementation of any measures shall be subject to the appropriate budgetary process and  
6 approval. Cost effectiveness for the purposes of this section shall mean a return on investment based  
7 on energy savings and reduced operational costs within the expected lifetime of the measure.

8 II. Beginning in calendar year 2012, each state department shall submit an annual report to  
9 the commissioner of administrative services on or before [~~September 1~~] **October 15** which details  
10 any cost-effective measures it is utilizing and those potential measures, subject to budgetary  
11 approval, to comply with the energy consumption reduction goal established in paragraph I and its  
12 annual progress in complying with this goal.

13 III. Beginning in calendar year 2012, the commissioner shall submit an annual report to be  
14 made available to the public on or before [~~December 1~~] **January 15** compiling the annual reports  
15 submitted under paragraph II, with findings on the departments' annual progress in complying with  
16 the energy consumption reduction goal established in paragraph I and problems which may prevent  
17 the departments from achieving this goal, to the governor, the senate president, the speaker of the  
18 house of representatives, the chair of the senate energy and natural resources committee and the  
19 chair of the house science, technology and energy committee.

20 2 New Paragraph; State Facility Energy Cost Reduction; Definition; Renewable Energy. Amend  
21 RSA 21-I:19-b by inserting after paragraph VI the following new paragraph:

22 VII. "Renewable energy" means, wind energy; biomass energy; geothermal energy, if the  
23 geothermal energy output is in the form of useful thermal energy; hydrogen derived from biomass  
24 fuels or methane gas; ocean thermal, wave, current, or tidal energy; methane gas; solar thermal or  
25 electric energy; or hydropower.

26 3 State Facility Energy Cost Reduction; Energy Performance Contracting. Amend  
27 RSA 21-I:19-d to read as follows:

28 21-I:19-d Energy Performance Contracting.

29 I. Any state agency or municipality may enter into an energy performance contract for the  
30 purpose of undertaking or implementing energy conservation or alternate energy measures in a  
31 facility. An energy performance contract may include, but shall not be limited to, options such as

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1 joint ventures, shared-savings contracts, positive cash flow financing or energy service contracts, or  
2 any combination thereof, provided that at the conclusion of the contract the agency will receive title  
3 to the energy system being financed, if the agency so desires. ~~[The agency that is responsible for a  
4 particular facility shall review and make recommendations regarding energy performance contract  
5 arrangements for the facility to the IEEC.]~~

6 II. Notwithstanding any law to the contrary relating to the award of public contracts, any  
7 agency desiring to enter into an energy performance contract shall do so in accordance with usual  
8 contracting procedures and the following provisions:

9 (a) The agency shall issue a public request for proposals, advertised in the same manner  
10 as other programs, concerning the provision of energy efficiency services or the design, installation,  
11 operation, and maintenance of energy equipment, or both. The request for proposals shall contain  
12 terms and conditions relating to submission of proposals, evaluation and selection of proposals,  
13 financial terms, legal responsibilities, and other matters as may be required by law and as the  
14 agency determines appropriate.

15 (b) Upon receiving responses to the request for proposals, the agency may select the most  
16 qualified proposal or proposals on the basis of the experience and qualifications of the proposals, the  
17 technical approach, the financial arrangements, the overall benefits to the agency, and other factors  
18 determined by the agency to be relevant and appropriate.

19 (c) Upon the approval by the ~~[IEEC and]~~ governor and council, the agency may enter into  
20 an energy performance contract with the person or company whose proposal is selected as the most  
21 qualified based on the criteria established by the agency.

22 (d) The term of any energy performance contract entered into pursuant to this section  
23 shall not exceed 20 years from the date of project implementation.

24 (e) Any contract entered into shall contain the following annual allocation dependency  
25 clause: "The continuation of this contract is contingent upon the appropriation of funds to fulfill the  
26 requirements of the contract by the applicable funding authority. If that authority fails to  
27 appropriate sufficient funds to provide for the continuation of the contract, the contract shall  
28 terminate on the last day of the fiscal year for which allocations were made."

29 (f) Any energy performance contract should require the contractor to include all energy  
30 efficiency improvement in selected buildings that are calculated to recover all costs within 20 years  
31 from the date of project implementation at existing energy prices. The contract shall require that the  
32 public utility or energy services provider be repaid only to the extent of energy cost savings  
33 guaranteed by the contractor to accrue over the term of the contract. ~~[Repayments to the public  
34 utility or energy services provider shall be interest free.]~~

35 4 State Facility Energy Cost Reduction; Energy Cost Savings Revert to the Public Utilities  
36 Commission. Amend RSA 21-I:19-e to read as follows:

37 21-I:19-e Energy Cost Savings Revert to ~~[General Fund]~~ **the Energy Fund**. The cost savings

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1 remaining after meeting the obligations under an energy performance contract, shared-savings  
2 contract, or lease of energy saving equipment or services or any similar program shall revert to the  
3 ~~[general]~~ **energy fund established under RSA 21-I:19-f.**

4 5 State Facility Energy Cost Reduction; Energy Fund. Amend RSA 21-I:19-f to read as follows:

5 21-I:19-f Energy ~~[Efficiency]~~ Fund. There is hereby established an energy ~~[efficiency]~~ fund into  
6 which shall only be deposited moneys received by the state for participating in demand response  
7 programs. The state treasurer may invest moneys in the fund as provided by law, with interest  
8 received on such investment credited to the fund. Moneys in the fund shall be nonlapsing and  
9 continually appropriated to the division of plant and property to be used exclusively to fund energy  
10 efficiency **or renewable energy** projects and energy efficiency **or renewable energy** contracts; **to**  
11 **reimburse the department of administrative services, division of public works design and**  
12 **construction for any costs of providing construction administration services including, but**  
13 **not limited to, design and oversight of design and construction of energy saving or**  
14 **renewable energy measures; to fund a part time position within the office of energy and**  
15 **planning, department of administrative services, to aid in the completion of energy**  
16 **projects, tracking of energy use, and management of the demand response program;** and to  
17 reimburse state agencies for demand response program expenses **or completing energy saving or**  
18 **renewable energy measures.**

19 6 New Paragraph; Public Works Design and Construction; Major Projects. Amend RSA 21-I:80  
20 by inserting after paragraph VI the following new paragraph:

21 VII. The department of administrative services, division of public works design and  
22 construction shall oversee any energy saving or renewable energy measure or project whose  
23 estimated cost is more than \$100,000. The division of public works design and construction shall  
24 provide construction administration services including, but not limited to, design and oversight of  
25 the energy cost saving or renewable energy measures to ensure that they are constructed in  
26 accordance with current codes and regulations. Any costs of providing these construction  
27 administration services may be included in the cost of the energy saving or renewable energy  
28 measure.

29 7 New Hampshire Building Code; Building Requirements for State Funded Buildings. Amend  
30 RSA 155-A:13 to read as follows:

31 155-A:13 Building Requirements for State Funded Buildings.

32 I. Any new construction, reconstruction, alteration, or maintenance in any state owned  
33 building, plant, fixture, or facility, meeting the definition of "project" in RSA 21-I:78, considered a  
34 major project under RSA 21-I:80, and constructed using any state funding, shall meet a high  
35 performance, energy efficient, sustainable design standard determined by the commissioners of the  
36 department of environmental services and the department of administrative services, in consultation  
37 with the division of historic resources and the community college system, that shows the building or

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1 structure can recoup the incremental costs of implementing the requirements of this section as  
2 measured by reduced energy costs over a 10-year period of time.

3 II. The following construction or renovation projects shall be exempt from the requirements  
4 of ~~[paragraphs]~~ **paragraph I**:

5 (a) A **new** building or structure that is less than 25,000 square feet **and is estimated to**  
6 **cost less than \$1,000,000.**

7 (b) A building or structure that does not consume energy for heating, ventilating, or air  
8 conditioning.

9 (c) A renovation or modification that is estimated to cost less than \$1,000,000 **and**  
10 **affects less than 25,000 square feet.**

11 (d) Temporary structures.

12 (e) Public school facilities that are subject to RSA 198:15-c.

13 (f) The university system of New Hampshire.

14 (g) Projects employing new, innovative, or experimental energy efficient technology that  
15 may not recoup their incremental costs within 10 years, as may be determined by the commissioner  
16 of the department of administrative services to be in the best interest of the state.

17 8 State Treasurer; Application of Receipts. Amend RSA 6:12, I(b)(271) to read as follows:

18 (271) Moneys deposited in the energy ~~[efficiency]~~ fund established in RSA 21-I:19-f.

19 9 Effective Date. This act shall take effect July 1, 2015.

**HB 615-FN-A - FISCAL NOTE**

AN ACT relative to funding for state energy efficiency programs.

**FISCAL IMPACT:**

The Department of Administrative Services states this bill, **as introduced**, may increase state restricted revenue and expenditures, and decrease state general fund expenditures by an indeterminable amount in FY 2016 and each year thereafter. There will be no fiscal impact on county and local revenue and expenditures.

**METHODOLOGY:**

The Department of Administrative Services states this bill modifies the Energy Efficiency Fund by renaming it the Energy Fund, and broadens the use of such fund to include renewable energy projects. The bill also authorizes the Department to use moneys in the fund to reimburse the division of public works design and construction for the cost of providing construction administration services, as well as to fund a part-time position within the energy management office to aid in the completion of energy projects, tracking of energy use, and management of the demand response program. Additionally, the bill requires the division of public works design and construction to oversee any energy saving or renewable energy measure or project whose estimated cost is more than \$100,000. If the Department chooses to fill the position authorized by the bill, it will fill the position at a labor grade 24 for 20 hours per week, resulting in an increase in state restricted expenditures of \$26,108 in FY 2016, \$27,272 in FY 2017, \$28,470 in FY 2018, and \$29,724 in FY 2019. The Department assumes the Energy Fund will begin FY 2016 with a \$65,000 balance, and predicts the new position and assorted energy projects will result in the following fund activity through FY 2019:

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Fund Balance Forward	\$65,000	\$50,892	\$35,620	\$19,150
Demand Response Funds (Revenue)	\$17,000	\$17,000	\$17,000	\$17,000
Energy Rebates & Grants (Revenue)	\$15,000	\$15,000	\$15,000	\$15,000
Part-Time Employee (Expenditure)	(\$26,108)	(\$27,272)	(\$28,470)	(\$29,724)
Energy Saving Projects (Expenditure)	(\$18,000)	(\$18,000)	(\$18,000)	(\$18,000)
Public Works Design Fees (Expenditure)	(\$2,000)	(\$2,000)	(\$2,000)	(\$2,000)
Remaining Fund Balance	\$50,892	\$35,620	\$19,150	\$1,426

The Department anticipates a payback period of six years on energy saving projects, and anticipates cost savings of \$3,333 in FY 2017, \$6,666 in FY 2018, and \$9,999 in FY 2019. As

some of these projects may benefit state general funded agencies or programs, at least a portion of these savings will be state general fund savings.