SENATE DOCKET, NO. 925 FILED ON: 1/17/2013

# SENATE . . . . . No. 390

## The Commonwealth of Massachusetts

PRESENTED BY:

***Marc R. Pacheco***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act providing funding for clean energy and energy efficiency measures for the Commonwealth.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: |
|---|---|
| *Marc R. Pacheco* | *First Plymouth and Bristol* |
| *Sal N. DiDomenico* | *Middlesex and Suffolk* |
| *Anne M. Gobi* | *5th Worcester* |
| *Patricia A. Haddad* | *5th Bristol* |
| *Bruce E. Tarr* | *First Essex and Middlesex* |

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# SENATE . . . . . No. 390

By Mr. Pacheco, a petition (accompanied by bill, Senate, No. 390) of Marc R. Pacheco, Sal N. DiDomenico, Anne M. Gobi, Patricia A. Haddad and others for legislation to provide funding for clean energy and energy efficiency measures for the Commonwealth. Environment, Natural Resources and Agriculture.

## The Commonwealth of Massachusetts

**In the Year Two Thousand Thirteen**

An Act providing funding for clean energy and energy efficiency measures for the Commonwealth.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

SECTION 1. To provide for an energy efficiency and clean energy program in public school buildings in the Commonwealth, the sum set forth in section 7 for the several purposes and subject to the conditions specified in this act, are hereby made available, subject to the laws regulating the disbursement of public funds, which is in addition to amounts previously appropriated for these purposes.

SECTION 2. DEFINITIONS.

The following terms shall have the following meanings, unless the context clearly requires otherwise:

“Administration and Finance”, the Executive Office for Administration and Finance.

“the Authority”, The Massachusetts School Building Authority (MSBA).

“bonds", energy efficiency and renewable energy bonds.

“clean energy”, energy efficiency and renewable energy.

“Department", the Executive Office of Energy and Environmental Affairs.

"energy efficiency measure", a modification or improvement to a building or complex of buildings that is designed to reduce energy consumption or operating costs or that provides a renewable energy source and may include:

(1) insulation of the building structure or systems within the building;

(2) storm windows or doors, caulking or weather-stripping, multi-glazed windows or doors, heat-absorbing or heat-reflective glazed and coated window or door systems, additional glazing, reductions in glass area or other window and door system modifications that reduce energy consumption;

(3) automated or computerized energy lighting and control systems;

(4) heating, ventilating or air conditioning system modifications or replacements;

(5) replacement or modification of lighting fixtures to increase the energy efficiency of the lighting system;

(6) energy recovery systems;

(7) on-site photovoltaics, solar heating and cooling systems or other renewable energy systems; or

(8) low flow plumbing fixtures and other water conservation devices;

"the Fund", the energy efficiency and renewable energy bonding fund.

"school district", a political subdivision of the state established for the administration of public schools, segregated geographically for taxation and bonding purposes.

"school district building", a building, the title to which is held by a school district.

“Secretary”, the secretary of energy and environmental affairs.

“the Plan”, the clean energy plan to be developed and implemented by the agencies specified herein.

SECTION 3. STATE PLAN FOR CLEAN ENERGY AND COST SAVINGS IN PUBLIC SCHOOLS.

A. The Department shall develop and begin implementing, no later than July 1, 2014, a state plan for the installation of clean energy measures in school district buildings. The plan shall include the maximum amount of on-site renewable energy measures possible while retaining the overall revenue-neutral status of the plan, such that the total cost of the plan is covered entirely by the combined energy cost savings of both the renewable energy and other energy efficiency measures undertaken. In addition, the plan shall include a schedule for funding and installing the

energy efficiency measures that gives priority to those projects that will realize significant energy cost savings in the shortest time frame.

B. The Department shall develop the plan in conjunction with the Executive Office for Administration and Finance, the Massachusetts School Building Authority (MSBA), and other state agencies with control and management over public school buildings.

C. State agencies and school districts shall cooperate with the department in the development and implementation of the plan.

SECTION 4. CONTRACTS FOR THE INSTALLATION OF CLEAN ENERGY MEASURES.

A. The Plan shall specify that contracts under this Act for the installation of energy efficiency measures at one or more of the school district buildings shall address provisions concerning payment schedules, monitoring, inspecting, measuring and warranties as are necessary to ensure that the energy efficiency measures will be installed and the energy cost savings realized in the manner most beneficial to the state.

B. Contracts shall not be let nor bonds be issued pursuant to this Act without a finding by the department or its designee that the energy cost savings realized from the contracts will be equal to or greater than the debt service due on the bonds issued to finance the contracts.

SECTION 5. BONDING FUND AND REVENUE NEUTRALITY

A. The Plan shall specify a bonding system similar to the existing Commonwealth Clean Energy Investment Program.

B. The Plan shall insure that expenditures under this Act are revenue neutral. That is, energy-cost savings produced by action taken pursuant to this Act shall cover the cost of that action.

SECTION 6. CALCULATION OF COST SAVINGS—SOME IMMEDIATE SAVINGS TO SCHOOL DISTRICTS

A. Upon the installation of clean energy measures in a school district building, the Authority shall calculate the estimated energy cost savings, in the form of lower utility payments by the school district that will be annually realized as a result of said installation. The Authority shall certify the estimate to Administration and Finance and any other state agency with jurisdiction, and to the school district.

B. When calculating the state funding distribution, the responsible agency shall deduct ninety percent of the amount certified for the school district by the Authority.

77 C. Reduction of a school district's state funding distribution shall cease when the school
78 district's cumulative reductions equal its proportional share of the cumulative debt service
79 payments necessary to service the bonds issued pursuant to this Act.

80 D. Prior to June 30 of each year, the total amount deducted for all school districts
81 pursuant to Subsection B of this section shall be transferred to the Fund.

82 SECTION 7. CLEAN ENERGY BONDS AUTHORIZED

83 A. Administration and Finance is authorized to issue and sell from time to time revenue
84 bonds, known as "clean energy bonds", in an amount outstanding at any one time not to exceed
85 fifty million dollars ($50,000,000), payable solely from the fund, in compliance with this Act and
86 other applicable law for the purpose of installing clean energy measures when the Authority has
87 certified the need for the bonds and the conditions of Subsection C of this section have been
88 satisfied.

89 B. The net proceeds from the bonds are appropriated to the Authority for the purpose of
90 making payments for the installation of clean energy measures pursuant to this Act.

91 C. Bonds shall not be issued pursuant to this section unless:

92 (1) the Authority has committed to install or has entered into one or more contracts
93 pursuant to Section 4 of this Act for the installation of clean energy measures and the resulting
94 energy cost savings will be realized within a reasonable time;

95 (2) considering the timeliness and amount of energy cost savings estimated to be realized
96 from the clean energy measures, the Authority has certified the approximate date when the
97 energy cost savings are most likely to equal or exceed the debt service due on the bonds to be
98 issued to fund the energy efficiency measures;

99 (3) the life of clean energy measures meets or exceeds the life of the bonds allocable to
100 those clean energy measures as determined by the Authority;

101 SECTION 8. BONDS TAX EXEMPT.

102 All clean energy bonds shall be exempt from taxation by the state or any of its political
103 subdivisions.

104 SECTION 9. ANNUAL REPORT REQUIRED.

105 No later than December 1 of each year, the Authority shall report to the General Court
106 and to the governor on its activities during the previous fiscal year in administering the
107 provisions of this Act. The report shall include:

A. details concerning all payments made for the installation of energy efficiency measures;

B. details concerning all expenditures made in administering the provisions of the Clean Energy for Schools Bonding Act;

C. a list of all buildings in which energy efficiency measures were installed;

D. details showing how the energy cost savings were calculated;

E. an analysis of whether the program has been cost-effective;

F. a report showing progress made in complying with the state plan developed pursuant to Section 3 of the Clean Energy for Schools Bonding Act and, if in noncompliance, a plan for achieving compliance in the future;

G. a summary of activities being conducted during the present fiscal year; and

H. any additional information that will assist the General Court and the governor in evaluating the program.