

**SENATE . . . . . No. 455**

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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:	
<i>Marc R. Pacheco</i>	<i>First Plymouth and Bristol</i>	
<i>Bruce E. Tarr</i>	<i>First Essex and Middlesex</i>	
<i>Patricia A. Haddad</i>	<i>5th Bristol</i>	
<i>Sal N. DiDomenico</i>	<i>Middlesex and Suffolk</i>	
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	
<i>Anne M. Gobi</i>	<i>Worcester, Hampden, Hampshire and Middlesex</i>	
<i>Gailanne M. Cariddi</i>	<i>1st Berkshire</i>	<i>6/25/2015</i>

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By Mr. Pacheco, a petition (accompanied by bill, Senate, No. 455) of Marc R. Pacheco, Patricia A. Haddad and Jason M. Lewis for legislation to provide funding for clean energy and energy efficiency measures for the Commonwealth. Environment, Natural Resources and Agriculture.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 390 OF 2013-2014.]

The Commonwealth of Massachusetts

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In the One Hundred and Eighty-Ninth General Court  
(2015-2016)  
\_\_\_\_\_

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:*

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

6           SECTION 2. DEFINITIONS.

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

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

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

11 “bonds”, energy efficiency and renewable energy bonds.

12 “clean energy”, energy efficiency and renewable energy.

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

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

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

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

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

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

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

26 (6) energy recovery systems;

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

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

30 (9) thermal energy systems that qualify for Alternative Energy Credits under Chapter 251  
31 of the Acts of 2014

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

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

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

36 "Secretary", the secretary of energy and environmental affairs.

37 "the Plan", the clean energy plan to be developed and implemented by the agencies  
38 specified herein.

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

41 A. The Department shall develop and begin implementing, no later than July 1, 2014, a  
42 state plan for the installation of clean energy measures in school district buildings. The plan shall  
43 include the maximum amount of on-site renewable energy measures possible while retaining the  
44 overall revenue-neutral status of the plan, such that the total cost of the plan is covered entirely  
45 by the combined energy cost savings of both the renewable energy and other energy efficiency  
46 measures undertaken. In addition, the plan shall include a schedule for funding and installing the  
47 energy efficiency measures that gives priority to those projects that will realize significant  
48 energy cost savings in the shortest time frame.

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

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

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

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

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

64 SECTION 5. BONDING FUND AND REVENUE NEUTRALITY

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

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

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

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

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

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

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

84 SECTION 7. CLEAN ENERGY BONDS AUTHORIZED

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

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

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

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

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

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

103 SECTION 8. BONDS TAX EXEMPT.

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

106 SECTION 9. ANNUAL REPORT REQUIRED.

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

- 110           A. details concerning all payments made for the installation of energy efficiency  
111 measures;
- 112           B. details concerning all expenditures made in administering the provisions of the Clean  
113 Energy for Schools Bonding Act;
- 114           C. a list of all buildings in which energy efficiency measures were installed;
- 115           D. details showing how the energy cost savings were calculated;
- 116           E. an analysis of whether the program has been cost-effective;
- 117           F. a report showing progress made in complying with the state plan developed pursuant  
118 to Section 3 of the Clean Energy for Schools Bonding Act and, if in noncompliance, a plan for  
119 achieving compliance in the future;
- 120           G. a summary of activities being conducted during the present fiscal year; and
- 121           H. any additional information that will assist the General Court and the governor in  
122 evaluating the program.