

MAINE STATE LEGISLATURE

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R. of S.

BANKING & INSURANCE

Reported by: Senator McCormick of Kennebec

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**STATE OF MAINE
SENATE
116TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 482, L.D. 1480, Bill, "An Act to Reduce Energy Costs and Improve the State's Air Quality"

Amend the bill by striking out the title and substituting the following:

'An Act to Reduce Energy Costs and Improve the State's Indoor Air Quality'

Further amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

'Sec. 1. 30-A MRSA §5953-C is enacted to read:

§5953-C. Loans for energy efficiency improvements in municipal and school buildings

This section establishes a program to promote energy efficiency and indoor air quality in municipal and school buildings.

1. Efficiency Partners Program. The bank shall establish the Efficiency Partners Program designed to reduce energy costs in municipal and school buildings and to create jobs by financing cost-effective improvements that accomplish energy efficiency

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2 while maintaining healthful indoor air quality. The bank shall
4 issue a request for proposals for energy savings that could be
6 achieved through cost-effective improvements to heating and
8 cooling systems, windows, insulation, lighting and equipment in
10 municipal and school buildings. Identification of cost-effective
12 energy savings must be based on a comprehensive energy audit that
has been performed within the previous 5 years by a professional
engineer licensed in this State. The audit must address
compliance with the current version of ASHRAE Standard 62,
Ventilation for Acceptable Indoor Air Quality, developed by the
American Society of Heating, Refrigeration and Air Conditioning
Engineers.

14 2. Access to the program. Municipalities and school
16 administrative units may have access to the Efficiency Partners
18 Program regardless of whether the municipality or school
administrative district utilizes a loan pursuant to this section
to finance the energy efficiency improvements.

20 3. Proposals; contracts. The bank shall solicit proposals
22 from energy service companies and individual vendors of energy
24 service products. Notwithstanding any provision of the law
26 regarding bidding requirements, for improvements accomplished
28 pursuant to this section the bank shall contract with an energy
30 service company or companies or vendor or vendors to provide
32 energy services in municipal buildings and schools. Whenever the
34 bid proposals received are substantially equivalent, the bank
36 shall in the contract process select an in-state energy service
38 company or vendor whose primary place of business is within this
State. For public school projects, bid proposals for energy
savings projects must include plans and specifications that are
adequate to permit review by the agencies listed under Title
20-A, section 15903, subsection 3 and that bear the stamp of a
Maine registered professional engineer or architect. The
agencies listed in Title 20-A, section 15903, subsection 3 shall
review the plans and specifications and approve or disapprove
within a reasonable time period.

40 4. Loan; loan agreements. Loans from the bank must be
42 structured to ensure to the greatest extent possible that the
44 cost savings achieved by the energy efficiency improvements are
46 sufficient to cover the loan and to achieve a net positive cash
flow as early as practical. The rate of interest charged for the
loans made through the program authorized in this section must be
below the currently available rate of interest charged on
commercial loans of equivalent term and use.

48 5. Energy Payment Equalization Fund. The bank shall
50 establish a fund called the Energy Payment Equalization Fund. To
52 the extent that the fund has assets available to it through
funding by federal, state or local governments, or grants, gifts,
donations or payments from any other source, money in the fund

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2 may be applied to loans made to municipalities in the Efficiency
4 Partners Program if achieved energy savings are not sufficient to
6 offset the debt service payments on a loan made through the
8 program. This fund may include deposits made by energy service
10 companies or vendors to guarantee their commitment to achieve
12 energy savings sufficient to offset debt service payments but may
not include any other donations or payments from vendors or
interested parties. The fund may be used to provide general
interest rate reductions or principal reductions on any loan or
group of loans made under the program regardless of energy cost
savings achieved through the use of the proceeds of the loans or
loan.

14 **Sec. 2. Report.** The Maine Municipal Bond Bank shall report to
16 the joint standing committee having jurisdiction over state and
18 local government matters regarding the Efficiency Partners
Program established pursuant to the Maine Revised Statutes, Title
30-A, section 5953-C on or before December 1, 1996.

20 **Sec. 3. Task force.** The Department of Economic and Community
22 Development shall convene a task force to study a home energy
rating system and energy efficiency mortgages.

24 **1. Membership.** The task force consists of representatives
26 from the Maine State Housing Authority, the Department of
28 Economic and Community Development and the real estate, mortgage
supply, energy service and environmental communities.

30 **2. Purpose.** The task force shall study whether to adopt a
32 home energy rating system and energy efficiency mortgages. With
34 regard to a home energy rating system and energy efficiency
36 mortgages, the task force shall consider any actions taken by the
38 federal and other state governments with regard to home energy
rating systems and energy efficiency mortgages; the potential
costs and benefits of such programs; the feasibility of
establishing such programs; and options for establishing and
operating such programs.

40 **3. Chair; convening meetings; staff.** A representative from
42 the Department of Economic and Community Development shall chair
44 the task force and the chair shall convene the first meeting of
the task force by August 1, 1994. The department shall provide
staff assistance to the task force.

46 **4. Voluntary service.** Members of the task force shall
48 serve voluntarily and without reimbursement for expenses.

50 **5. Report.** The task force shall report to the joint
standing committees having jurisdiction over banking and
insurance, energy and natural resources and housing and economic

development matters on or before January 1, 1995. Any program recommended by the task force may not discriminate among fuel types.

Sec. 4. Allocation. The following funds are allocated from the Exxon Fund to carry out the purposes of this Act.

1994-95

**ECONOMIC AND COMMUNITY DEVELOPMENT,
DEPARTMENT OF**

Energy Resources Exxon Fund

All Other \$5,000

Provides for the allocation of funds for the expenses of a task force to study a home energy rating system and energy efficiency mortgages.'

Further amend the bill by inserting at the end before the statement of fact the following:

FISCAL NOTE

1994-95

APPROPRIATIONS/ALLOCATIONS

Other Funds \$5,000

The Maine Municipal Bond Bank can absorb the costs of establishing and administering the Efficiency Partners Program within existing resources. General Fund appropriations are not required to capitalize the program.

The bill provides an allocation of \$5,000 of existing Exxon Fund resources to the Department of Economic and Community Development in fiscal year 1994-95 for the expenses related to convening a task force to study a home energy rating system and energy efficiency mortgages.'

STATEMENT OF FACT

This amendment changes the home energy rating program from a mandatory program to a task force to study a home energy rating system and energy efficiency mortgages. Participants in the study include representatives of the Department of Economic and Community Development and from energy industry in the State.

2 This amendment preserves the energy efficiency improvement
4 program for municipal and school buildings while adding
6 references to indoor air quality and allowing access to the
8 program to municipalities and school administrative districts
10 that do not utilize the loan program. It adds to the energy
12 efficiency language consideration of the healthful quality of the
14 air. This amendment requires public school projects to bear the
16 stamp of a Maine registered professional engineer or architect
18 and requires compliance with the requirements of the Maine
Revised Statutes, Title 20-A, section 15903, subsection 3. It
forbids vendors and interested parties from making donations or
contributions to the Energy Payment Equalization Fund. This
amendment requires a report on the program to the Joint Standing
Committee on State and Local Government on or before December 1,
1996. It deletes section 3 of the bill concerning a market
incentive program to promote the sale of low-emission motor
vehicle. This amendment also adds an allocation section and a
fiscal note.