

STATE-BUILDING ENERGY CONSERVATION PROGRAM

Program Description

The State Building Energy Conservation Program (SBECP), administered by the Department of Environmental Quality (DEQ), was established by the 1989 Legislature to reduce operating costs of state facilities by identifying and funding cost-effective energy efficiency improvement projects. Statutory authority is found in Title 90, Chapter 4, part 6, MCA. Energy efficiency improvements include projects such as:

- * Replacing old, inefficient boilers
- * Insulating buildings
- * Upgrading inefficient lighting
- * Providing more effective temperature controls
- * Increasing ventilation system efficiency
- * Upgrading water conservation systems

SBECP projects are designed so that energy savings exceed costs. The estimated savings of energy costs are used to reimburse the project costs and finance operational costs. In the past, projects were funded through a bonded program, and reimbursements in excess of the projected debt service were statutorily required to be transferred to the Long-Range Building Program (LRBP). Beginning in FY 2008, bond proceeds were no longer used to fund the program. The 2007 Legislature funded SBECP projects with an appropriation of general fund and the 2009 Legislature funded projects with appropriations of general fund and federal special funds. With those changes, the program was modified to treat the funds in a revolving fashion, and project reimbursements, plus the interest on the outstanding debt related to the project, are expected to support future projects and program administrative costs. Program recommendations encourage conservation measures which have a service life of at least 15 years. However, energy savings are expected to continue throughout the life of the improvement.

Projects come to the SBECP either directly because of the energy saving benefits or in conjunction with projects planned under the Long-Range Building Program. DEQ offers state agencies assistance in evaluating energy use and identifying energy conservation projects. Program engineers evaluate all projects proposed for the LRBP to assess the energy savings potential on proposed remodeling projects. Projects with the potential for energy savings are funded through the SBECP, and are often jointly funded with the LRBP deferred maintenance funds.

Program Discussion

The Sixty-Second Legislature did not provide any new appropriations for the SBECP for the 2013 biennium. As such, no program comparison is available. However, the executive recommendation for the Long-Range Building Program, as presented in HB 5, provides \$3.5 million in project appropriations for the program. A list of SBECP projects, cost, anticipated energy savings and years of expected repayments (which are adjusted to include administrative and loan costs) is available in the figure below.

State Building Energy Conservation Program Executive Recommendation - 2015 Biennium				
Department	Project Title	Estimated Funding	Annual Savings	Simple Payback/Yrs
Corrections	Pine Hills Youth Correctional Facility, Repair and upgrade building systems	\$500,000	\$50,000	13
Administration	Capitol Building: Repair and upgrade HVAC systems	500,000	53,000	12
Environmental Quality	State Wide Energy Improvements			
Corrections	Men's Prison Laundry Improvements	600,000	53,000	15
University System	Science Lab Improvements, Retro-commissioning, MSU Tietz Hall	1,000,000	88,000	15
	HVAC Upgrade			
Other State Agencies	Lighting upgrades, minor HVAC	<u>900,000</u>	<u>80,000</u>	15
Total Funding / Savings		<u>\$3,500,000</u>	<u>\$324,000</u>	

Funding

The SBECP has been fashioned to operate in a method similar to a “revolving loan program”. Agencies reimburse the program for the energy conservation projects. In FY 2013 reimbursements are expected to generate approximately \$1.4 million, and the reimbursements are expected to remain at that annual level throughout the 2015 biennium. Consequently, some of the project costs in the 2015 biennium will be funded with the program’s fund balance.