

State Building Energy Conservation

Program Description

The State Building Energy Conservation Program (SBECP), operated by the Department of Environmental Quality (DEQ), was established by the 1989 legislature to reduce operating costs in state facilities by identifying and funding cost-effective energy efficiency improvement projects. Energy efficiency improvements include replacing old, inefficient boilers, upgrading inefficient lighting, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls. Through this program, the state sells general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds. The projects are designed so that the cost savings exceed the bond debt service. Excess savings are transferred to the Long-Range Building Program.

Summary of Legislative Action

House Bill 12 (HB 12) authorized the Board of Examiners to issue up to \$3.0 million in general obligation (G.O.) bonds for the SBECP, thus requiring a two-thirds vote of each house. In HB 12, DEQ is granted a biennial appropriation of \$450,000 from the bond proceeds to fund analysis, design, and program administration. HB 12 also contains a \$100,000 reappropriation to DEQ of oil overcharge (stripper-well) funds to be used for administrative purposes. The bill states that this reappropriation of funds has a higher priority than any other appropriation of stripper-well payments during the 2001 biennium (refer to the oil overcharge narrative for more information).

Table 11			
State Building Energy Conservation Program--2001 Biennium			
Projects Approved by 56th Legislature			
Agency/Project	Est. Project Cost	Est. Annual Savings	
University of Montana			
Science Complex, Missoula	\$ 200,000	\$ 25,000	
Montana State University			
Cowan Hall Remodel, Havre	\$ 55,000	\$ 6,500	
Special Education Building, Billings	\$ 120,000	\$ 15,000	
Department of Administration			
Justice Building	\$ 60,000	\$ 7,000	
Department of Transportation			
Signal Light Retrofit Project (1)	\$ 500,000	\$ 70,000	
University of Montana			
Grizzly Pool	\$ 60,000	\$ 7,000	
Department of Military Affairs			
Maintenance Shop Building, Helena	\$ 55,000	\$ 6,500	
TOTAL COSTS/SAVINGS	<u>\$ 1,050,000</u>	<u>\$ 137,000</u>	

(1) Estimated cost for total project. The department estimates one or two districts may be completed in the 2001 biennium at a cost of \$200,000.

Table 11 below lists the estimated project costs and annual energy cost savings for the energy conservation projects approved in HB 12.

In addition to the projects listed on Table 11, HB 12 affords DEQ the option of expending funds during the biennium to respond to lost energy saving opportunities". In other words, should energy efficiency projects arise during the interim that would become unfeasible or uneconomical if not pursued until the next legislature, DEQ has the authority to move forward as long as funding is available.

New language was also added to HB 5 and HB 14 (the long-range building bills) that requires DEQ to review capital projects for potential inclusion in the state energy conservation program. If a project is found to result in energy improvements, it must be submitted to the energy conservation program

for cofunding consideration. Cofunding provided under the energy conservation program must be used to offset or add to the authorized funding for the project, and the amount will be dependent upon the annual utility savings resulting from the facility improvement.