

# STATE BUILDING ENERGY PROGRAM

## Program Description

The State Building Energy Conservation Program (SBCEP), 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. The executive recommendation for SBCEP projects is included in HB 5. 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 control
- \* Increasing ventilation system efficiency
- \* Upgrading water conservation systems

SBCEP projects are designed so that the estimated savings of energy costs are used to reimburse the project costs and finance DEQ operational costs. In prior years, the SBCEP was funded through the issuance of general obligation (GO) bonds, but since FY 2009, energy conservation projects with appropriations of general fund and federal special revenue funds (American Recovery and Reinvestment Act funds) resulted in the program becoming a revolving loan program. Project reimbursements, plus 3.0% interest on the outstanding loan balance of the project, are expected to support future projects and administrative costs. Program recommendations encourage conservation projects that have a service life of at least 15 years. However, the energy savings are expected to continue throughout the life of the improvement.

Projects come to the SBCEP either directly from agency requests related to 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 and renovation projects. Projects with the potential for energy savings are funded through the SBCEP and are often jointly funded with the LRBP deferred maintenance funds.

## Program Budget Comparison

Figure 9 summarizes the proposed executive budget for the program by biennium, type of expenditure, and source of funding.

Figure 9

Program Comparison - State Building Energy Conservation Program				
Budget Item	Budget 2023 Biennium	Budget 2025 Biennium	Biennium Change	Biennium % Change
	<u>Appropriated</u>	<u>Proposed</u>		
Projects Costs	3,700,000	3,700,000	0	0.0%
Total Costs	\$3,700,000	\$3,700,000	\$0	0.0%
Capital Project Funds:	3,700,000	3,700,000	0	0.0%
Total Funds	\$3,700,000	\$3,700,000	\$0	0.0%

## Executive Proposal

The executive proposal for the SBCEP is \$3.7 million, which is the same funding level as was appropriated in the 2023 biennium. The program appropriation is found in HB 5. A list of SBCEP projects, costs, anticipated energy

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savings and years of expected repayments is seen in appendix A-9 of this report. Detailed project descriptions are provided in Vol. 3 of the Governor's Budget.

### **Funding**

The SBECF is a revolving loan program. Agencies borrow from the program for the costs of the projects. The agencies pay these costs with the savings realized through the projects. In addition to the project costs, agencies also pay an interest rate equal to 3.0% on the unpaid balance of the loan, which funds the administrative costs of the program. In the HB 2 budgets, SBECF loan repayments are scheduled to generate an average of \$2.0 million per year in the 2025 biennium, a portion of which is dedicated to the payment of the remaining bond issues.

**State Building Energy Conservation Program**  
**HB 5 - 2025 Biennium**

Dept.	Project Title	Project Investment	Est. Annual Savings	Simple Payback/Yrs
<u>Fish, Wildlife, and Parks</u>				
	Pictograph Cave State Park - Lighting Upgrade	\$10,000	800	13
	First Peoples - Lighting Upgrade	7,500	850	9
	Makoshika SP - Visitor Center Basement Lighting Upgrade	2,000	100	20
	Makoshika Park - Solar PV	26,000	2,600	10
	Giant Springs Hatchery - Lighting Upgrade	25,000	2,500	10
<u>Department of Natural Resources &amp; Conservation</u>				
	Missoula Campus Lighting Upgrade (Spurgin Road)	108,440	7,000	20
<u>Labor and Industry</u>				
	Polson Job Service - Lighting Upgrade	9,500	1,200	8
<u>MT University System</u>				
	MT Tech Bureau of Mines & Geology - Billings Office Lighting Upgrade	16,000	1,300	12
	MT Tech Bureau of Mines & Geology - Billings Office Server Room Chiller	6,200	1,200	5
	Miles City Comm College - Main Campus Lighting Upgrade w/Boiler Replacement	75,000	22,500	13
	UM Western Campus - Expanded Lighting Upgrade	30,000	42,250	10
<u>Additional Projects TBD</u>				
	COR/DOJ/DPPHS/MUS Lighting Upgrades & Energy Improvements	3,384,360	22,624	
<b>Total Funding / Savings</b>		<b>\$3,700,000</b>		