
Detailed Fiscal Analysis

Modified definition of "energy conservation measure"

The bill adds as an energy conservation measure the acquiring, constructing, furnishing, equipping, improving the site of, and otherwise improving a central utility plant to provide heating and cooling services to a building or buildings together with distribution piping and ancillary distribution controls, equipment, and related facilities. As a concrete example, this would allow Lucas County to acquire a central utility plant that would serve the power needs of nine county buildings.

Changes in project financing terms

Among other changes with a fiscal effect, the bill requires that the amount spent by a county on energy conservation measures be unlikely to exceed the amount saved in energy, operating, maintenance, and avoided capital costs over the measures' average system life. Concerning arrangements for financing such projects, the bill requires that the interest charges and financing terms for an energy conservation contract be (1) not less than a specified percentage of the contract costs, as determined by the Board of County Commissioners, and (2) be paid within two years from the purchase date, with the remaining balance paid within the lesser of 30 years or the average system life of the equipment installed. In all, these parameters would limit the scope and cost of energy conservation projects that a county might consider. Presumably, a county would determine that the percentage of contract costs due within a two-year period would be such that there would be sufficient revenue to make the payments.

New requirements for energy conservation reports

The bill also requires that energy conservation reports, which are used to substantiate the need for and evaluate the cost and benefits of proposed energy conservation projects, also include the interest rates used to estimate an energy conservation measure's costs, the measure's average system life, estimates of the likely savings, and a certification that the report uses reasonable analyses and estimation methods. These changes might add minimally to the administrative costs involved with producing these reports and contracting for these projects.

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