

2006 SWEEP LEGISLATIVE ACTIVITIES REPORT

The state legislatures in the SWEEP region typically meet annually, during the first and second quarter of the year. SWEEP actively engages in the legislative process, working to advance energy efficiency through state legislation, where appropriate. These legislative efforts range from researching and writing bill language, to building coalitions in support of energy efficiency legislation, to testifying at committee hearings and advocating for the passage of bills.

SWEEP's 2006 energy efficiency legislative efforts resulted in some exciting gains, but also some failures. But while not every bill became law, through these efforts and others, support for energy efficiency across the Southwest continues to grow.

Following is a rundown of SWEEP's 2006 legislative activities, which focused on the states of Arizona, Colorado, New Mexico, Utah, and Wyoming.

ARIZONA

HOUSE BILL 2430: Energy cost saving measures; requirements

Sponsored by Rep. Lucy Mason (R-Prescott), House Bill 2430 was signed into law by Arizona Governor Janet Napolitano on April 17, 2006, after passing in the House of Representatives on February 13 and the State Senate on April 11.

House Bill 2430 modifies existing statutes for state facilities and schools to clarify that energy life cycle costing shall be used for the analysis of energy efficiency and renewable energy investments. HB 2430 removes the internal inconsistencies in existing statutes, and extends the performance contracting maximum terms to 25 years so that the contract term limits do not conflict with the life cycle costing requirements. Longer contract terms are necessary for energy efficiency and renewable energy investments, and HB 2430 sets up a system that is similar to how utilities finance power plant and transmission line investments over several decades.

HOUSE BILL 2501: Schools; energy efficiency funds

Sponsored by Rep. Lucy Mason (R-Prescott), House Bill 2501 was introduced in the House of Representatives and passed by the House K-12 Education Committee in February. Though the bill was not formally approved by the House or Senate, it was under consideration for inclusion in the 2007 state budget, but was ultimately removed, thereby killing the bill.

House Bill 2501 would have established an energy efficiency fund for each school district and charter school to facilitate energy efficiency projects designed to reduce energy costs. The energy efficiency fund is an accounting mechanism to allow the energy savings investments in the capital portion of the school budget to be paid back using energy savings in maintenance and operations (M&O), thereby addressing the accounting and reporting requirements for schools. The bill does not provide funding directly. The existence of the fund (accounting mechanism) allows schools to better participate in utility demand-side management (DSM) programs designed to help schools save energy and reduce energy costs. The utility DSM programs would include funding for the installation of cost-effective energy efficiency measures (the incremental cost of the increased energy efficiency) through a revolving pool of capital, repayment of the capital investment through a parallel bill from the utility (with positive or neutral cash flow to the customer), and technical assistance.

HOUSE BILL 2843: Tax credit; energy efficient products

Sponsored by Rep. Lucy Mason (R-Prescott), House Bill 2843 was approved by the Arizona House of Representatives on March 13. It then was approved by the Senate Natural Resources and Rural Affairs Committee on March 29, but was withdrawn from consideration by the Senate Finance Committee on April

17. The bill continued to be worked on, but after being whittled down to address just one product, was killed in the Senate.

House Bill 2843 would have provided a tax credit for certain energy-efficient products certified as ENERGY STAR® by the U.S. Department of Energy or Environmental Protection Agency. Eligible energy-efficient products and the tax credit for each include a \$150 tax credit for central air conditioners and air-source heat pumps that meet the federal tax credit performance requirement (SEER 15, EER 12.5); a \$100 tax credit for ENERGY STAR clothes washers; and a \$25 tax credit for ENERGY STAR ceiling fans. These ENERGY STAR products will save energy and water in Arizona.

The House Ways and Means Committee approved an amendment to the bill which applies the tax credits to the 2006 and 2007 tax years only; sunsets the credits after 2007; and removes the annual \$7.5 million tax credit cap, or the amount of annual tax credits that would be permitted. If adopted the bill would have an estimated fiscal impact of \$4-5 million over the two years of its implementation.

For additional information regarding these bills, visit the website of the Arizona State Legislature, at www.azleg.state.az.us.

COLORADO

HOUSE BILL 1147: Concerning Measures to Promote Energy Efficiency

Sponsored by Rep. Tom Plant (D-Nederland) and Sen. Steve Johnson (R-Fort Collins), House Bill 1147 was approved by the House of Representatives on February 23 on a vote of 37-26, and adopted in amended form by the State Senate on April 28 on a vote of 28-6-1; the House concurred with the Senate amendments on May 2. Governor Bill Owens vetoed the bill on June 2.

House Bill 1147 would have facilitated and expanded the energy efficiency programs offered by natural gas utilities in Colorado, thereby reducing natural gas use and helping consumers and businesses lower their utility bills. The bill directed Colorado's Public Utilities Commission (PUC) to conduct a rulemaking to establish a cost recovery mechanism so that natural gas utilities can recover expenditures on energy efficiency programs, and provide gas utilities with positive financial incentives for implementing cost-effective efficiency programs for their customers. Once this rulemaking was complete, the bill directed gas distribution utilities to implement cost-effective energy efficiency programs for their full service residential and commercial customers.

SWEEP estimates that HB 1147 would have resulted in natural gas savings of 3.7 billion cubic feet per year by 2010, and 16.7 billion cubic feet per year by 2020. The 2020 savings are equal to 9% of natural gas use by all residences and commercial buildings in the state. Estimated net economic benefits for households and businesses in Colorado over the lifetime of the energy efficiency measures installed during 2007-2020 is \$560 million. Lowering natural gas use will also put downward pressure on gas prices and reduce U.S. dependence on imported natural gas.

SWEEP was very active in the drafting of HB 1147, as well as in advocating for its passage. SWEEP testified in support of the bill both in front of the House Transportation and Energy Committee and the Senate Agriculture, Natural Resources, and Energy Committee. SWEEP Executive Director Howard Geller also personally met with Governor Owens and key members of his staff in an effort to persuade the governor to sign the bill.

HOUSE BILL 1200: Concerning Energy-Related Assistance to Low-Income Households

Sponsored by Rep. Bernie Buescher (D-Grand Junction) and Sen. Ken Kester (R-Las Animas), House Bill 1200

was adopted overwhelmingly by both the Colorado House of Representatives and State Senate, and signed into law by Governor Bill Owens on February 3. HB 1200 moved very quickly through the legislative process, in order to provide energy bill assistance relief to low-income households during the 2006 heating season.

HB 1200 takes monies collected by the state's severance tax on oil and gas production and directs it to the state's Low-Income Energy Assistance Program (LEAP), for energy bill payment assistance, and also to the Governor's Office of Energy Management and Conservation (the state energy office), to pay for home energy efficiency improvements for low-income households. HB 1200 will appropriate monies over the next four years according to the following table:

House Bill 1200 Appropriations (\$ millions)

Year	Bill Assistance	Energy Efficiency Improvements	Total
FY 05-06	\$20.0	\$4.0	\$24.0
FY 06-07	\$7.0	\$4.0	\$11.0
FY 07-08	\$7.0	\$5.0	\$12.0
FY 08-09	\$7.0	\$6.0	\$13.0
Total	\$41.0	\$19.0	\$60.0

SWEEP expects that the monies dedicated to energy efficiency improvements will be used to develop a direct install, neighborhood sweep-like program, with the stated goal of making energy efficiency improvements in as many low-income homes as possible. SWEEP played an instrumental role in seeing that energy efficiency improvements were included in what was originally legislation focused strictly on bill assistance.

HOUSE BILL 1322: Clean Energy Development Fund Seed Capital

Sponsored by Rep. Bernie Buescher (D-Grand Junction) and Sen. Abel Tapia (D-Pueblo), House Bill 1322 was adopted by the House of Representatives on April 21 on a 51-10-4 vote, and approved in amended form by the State Senate on May 5 on a 31-4 vote; the House concurred with the Senate amendments on May 8. Governor Owens signed the bill into law on June 6.

House Bill 1322 changed dramatically over the course of the legislative session. The bill began life aimed at supporting the development of an integrated gasification combined-cycle electricity power plant in Colorado; supporting the development of new clean energy technologies for electricity generation and transportation fuel; and implementing energy efficiency measures in public schools and other state facilities.

As signed into law, however, the bill provides \$2 million dollars per year for three years to establish the Colorado Renewable Energy Collaboratory, which will be a joint effort between the National Renewable Energy Laboratory, the Colorado School of Mines, Colorado State University, and the University of Colorado. The monies will be used as matching funds to enable the Collaboratory to qualify for federal and private research projects. NREL and the universities will pay for all overhead costs of the Collaboratory from their existing budgets.

The National Renewable Energy Laboratory is the Department of Energy's primary national laboratory for renewable energy research and development. The Colorado School of Mines, Colorado State University, and the University of Colorado all have strong research programs in renewable energy and energy efficiency. By working in collaboration, these four Colorado institutions will enhance the state's reputation as a renewable energy and energy efficiency leader.

The Collaboratory will emphasize the development of new technologies and the advancement of existing

technologies for rapid transfer to private industry for commercial development. This research and technology transfer program will attract new renewable energy enterprises to Colorado, adding to the state's economic vitality.

In addition, the bill provides \$500,000 per year for three years to the state department of agriculture for the promotion of agriculture energy-related projects and research, and provides \$135,000 to the above-mentioned universities for the Climate Change Markets Grants Program, which will study greenhouse gas sequestration technologies and the emerging markets for emissions credits.

For additional information regarding these bills, visit the website of the Colorado General Assembly, at www.leg.state.co.us.

NEW MEXICO

HOUSE BILL 188: Land, Wildlife, and Clean Energy Act

Sponsored by Rep. W. Ken Martinez (D-Grants), House Bill 188 was ultimately tabled in the House Taxation and Revenue Committee due to fiscal concerns. No additional action was taken on the bill before the end of the short 30-day legislative session.

Had it been adopted, House Bill 188 would have provided ongoing funding from the state's Oil and Gas Conservation Tax for the Clean Energy Grants program, which funds renewable energy and energy efficiency projects for state agencies, schools, municipalities, and tribes. The grant program also funds a variety of conservation projects.

HOUSE BILL 335: Expand Weatherization Assistance Program

Sponsored by Rep. Mimi Stewart (D-Albuquerque), House Bill 335 was ultimately tabled in the House Appropriations and Finance Committee due to fiscal concerns. No additional action was taken on the bill before the end of the short 30-day legislative session.

House Bill 335 requested an appropriation of \$20 million from the state's general fund, to be expended in fiscal years 2006 and 2007, to supplement the state's weatherization assistance program and low-income home energy assistance program and other programs providing energy assistance to low-income families; to provide low-cost energy efficiency measures and energy education to eligible households; to provide energy education resources; to provide high-efficiency heating systems and other appliances to eligible households; and to increase participation in the weatherization assistance program.

For additional information regarding these bills, visit the website of the New Mexico State Legislature, at legis.state.nm.us/lcs.

UTAH

HOUSE BILL 46: Energy Policy Amendments

Sponsored by Rep. Roger Barrus (R-Centerville) and Sen. Gregory Bell (R-Fruit Heights), House Bill 46 was adopted by the House of Representatives on February 1 on a 66-2-7 vote, and approved by the State Senate on February 17 in amended form on a 24-1-4 vote; the House concurred with the Senate amendments on February 20 on a 69-2-4 vote. Governor Jon Huntsman signed the bill into law on March 15.

HB 46 establishes the position of energy advisor for the governor and also establishes an energy policy for the state of Utah. The bill outlines the governor's energy advisor's powers and duties, which include reviewing

and proposing updates to the state's energy policy; promoting the development of cost-effective energy resources and energy education programs, including programs supporting conservation and energy efficiency; coordinating across state agencies to assure consistency with state energy policy; identifying and proposing measures necessary to facilitate low-income consumers' access to energy services; and coordinating with the Division of Facilities, Construction, and Management to improve energy efficiency in state buildings, amongst others.

The state energy policy incorporated into HB 46 emphasizes the development of renewable and non-renewable energy resources and the promotion of energy conservation, energy efficiency, and environmental quality.

HOUSE BILL 80: Energy Savings in State Buildings

Sponsored by Rep. Fred Hunsaker (R-Logan) and Sen. Peter Knudson (R-Brigham City), House Bill 80 was adopted by the House of Representatives on February 7 on a 71-0-4 vote, and approved by the State Senate on February 28 on a 29-0-0 vote. Governor Jon Huntsman signed the bill into law on March 17.

House Bill 80 requires the state Division of Facilities, Construction, and Management to develop incentives to encourage state entities to conserve energy and reduce energy costs; procure energy-efficient products where practicable; and analyze their energy consumption. The bill establishes an advisory group to assist with development and implementation of the program, and requires an annual energy savings report to be provided to the governor and the state legislature.

For additional information regarding these bills, visit the website of the Utah State Legislature, at www.le.state.ut.us .

WYOMING

HOUSE BILL 0124: Low income home energy assistance program

Sponsored by the House of Representative's Task Force on Utility and Tax Relief, House Bill 0124 was adopted by the House of Representative's on February 28 on a 59-0-1 vote, and approved by the State Senate on March 8 on a 28-2-0 vote. Governor Dave Freudenthal signed the bill into law on March 23.

HB 0124 establishes in statute a state component to Wyoming's low income energy assistance program, which until now has been funded primarily by the federal government.

Currently the program provides grants for residential energy bills and for home weatherization. HB 0124 requires the development of a state low income weatherization plan; specifies that not less than twenty-five percent of the program funding be used for weatherization assistance (an increase in the current percentage dedicated to weatherization); and establishes eligibility thresholds of the greater of 215% of the federal poverty level or an amount equal to 60% of the state median income (which will broaden eligibility from the current plan). Lastly, the bill includes a \$3 million appropriation for Wyoming's next fiscal year, which runs from July 1, 2006 through June 30, 2008.

HB 0124 will provide for such weatherization measures as energy assessments and audits; building envelope and window improvements; heating and cooling system modifications, repairs, and replacements; and water heater repair and replacement. The programs will be managed by the Wyoming Department of Family Services.

For additional information regarding this bill, visit the website of the Wyoming State Legislature, at legisweb.state.wy.us .

