

# STATE BUILDING ENERGY CONSERVATION PROGRAM

## Section F

---

### JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

---

---

#### -----Agencies-----

Long-Range Building Program	Renewable Resource Grant & Loan Program
State Building Energy Conservation Program	Reclamation & Development Grants Program
Long-Range Information Technology Program	Cultural & Aesthetic Grant Program
Montana Coal Endowment Program	Montana Historic Preservation Grant Program
Montana Coal Regional Water Program	

#### -----Committee Members-----

##### House

Representative John Fitzpatrick (Chair)  
Representative Scott Rosenzweig  
Representative Paul Tuss  
Representative Mike Vinton

##### Senate

Senator John Esp (Vice Chair)  
Senator Ellie Boldman

#### -----Fiscal Division Staff-----

Erica Thomas

# STATE BUILDING ENERGY 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 control
- \* Increasing ventilation system efficiency
- \* Upgrading water conservation systems

SBECP 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 SBECP 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 SBECP 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 SBECP 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. DEQ is not requesting any new SBECP budget authority for the 2027 biennium and plans to use existing appropriation balances rolled forward pursuant to 90-4-618, MCA, to operate the program in the 2027 Biennium.

Figure 9

<b>Program Comparison - State Building Energy Conservation Program</b>				
<b>Budget Item</b>	<b>Budget 2025 Biennium</b>	<b>Budget 2027 Biennium</b>	<b>Biennium Change</b>	<b>Biennium % Change</b>
	<u>Appropriated</u>	<u>Proposed</u>		
Projects Costs	3,700,000	0	(3,700,000)	-100.0%
Total Costs	\$3,700,000	\$0	(\$3,700,000)	-100.0%
Capital Project Funds	3,700,000	0	(3,700,000)	-100.0%
<b>Total Funds</b>	<b>\$3,700,000</b>	<b>\$0</b>	<b>(\$3,700,000)</b>	<b>-100.0%</b>

## STATE BUILDING ENERGY PROGRAM

---

### **Executive Proposal**

The executive budget proposes no appropriations for the SBECF program in the 2027 biennium. However, outstanding projects from the prior biennia will continue into the 2027 biennium until completed.

### **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.