

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

February 27, 2013
Date

Committee on Transportation & Energy.

After consideration on the merits, the Committee recommends the following:

HB13-1105 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

3 "SECTION 1. In Colorado Revised Statutes, **add** 24-38.5-102.7
4 as follows:

5 **24-38.5-102.7. Colorado energy saving mortgage program -**
6 **definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
7 OTHERWISE REQUIRES:

8 (a) "ACCREDITED HOME ENERGY RATING PROVIDER" MEANS A
9 PERSON WHO RESNET HAS ACCREDITED THROUGH THE MORTGAGE
10 INDUSTRY NATIONAL HOME ENERGY RATING SYSTEM ACCREDITATION
11 STANDARD AS A RATING PROVIDER AND WHO APPEARS ON RESNET'S
12 NATIONAL REGISTRY OF ACCREDITED RATING PROVIDERS OR A PERSON
13 WHO MEETS OTHER RATING PROVIDER REQUIREMENTS ADOPTED IN
14 GUIDELINES BY THE COLORADO ENERGY OFFICE PURSUANT TO PARAGRAPH
15 (c) OF SUBSECTION (4) OF THIS SECTION.

16 (b) "CERTIFIED HOME ENERGY RATER" MEANS AN INDIVIDUAL WHO
17 AN ACCREDITED HOME ENERGY RATING PROVIDER HAS CERTIFIED AS A
18 RESNET HOME ENERGY RATER TO INSPECT AND EVALUATE A HOME'S
19 ENERGY FEATURES, ASSIGN A HERS INDEX SCORE TO THE HOME, AND
20 RECOMMEND ENERGY EFFICIENCY IMPROVEMENTS OR AN INDIVIDUAL WHO
21 MEETS OTHER RATER CERTIFICATION REQUIREMENTS ADOPTED IN
22 GUIDELINES BY THE COLORADO ENERGY OFFICE PURSUANT TO PARAGRAPH
23 (c) OF SUBSECTION (4) OF THIS SECTION.

1 (c) "COLORADO ENERGY SAVING MORTGAGE PROGRAM" OR
2 "PROGRAM" MEANS THE COLORADO ENERGY STAR/ENERGY SAVING
3 MORTGAGE PROGRAM ADMINISTERED BY THE COLORADO ENERGY OFFICE
4 AS OF JANUARY 1, 2013, AS MODIFIED BY THIS SECTION OR BY ANY
5 PROGRAM CHANGES IMPLEMENTED BY THE COLORADO ENERGY OFFICE
6 WITHIN THE LIMITATIONS SPECIFIED IN THIS SECTION, OR ANY SUCCESSOR
7 PROGRAM.

8 (d) "ENERGY EFFICIENT HOME" MEANS A HOME THAT A CERTIFIED
9 HOME ENERGY RATER HAS CERTIFIED AS HAVING A HERS INDEX SCORE OF
10 NOT MORE THAN FIFTY OR THAT MEETS OTHER REQUIREMENTS FOR BEING
11 AN ENERGY EFFICIENT HOME THAT THE COLORADO ENERGY OFFICE
12 ADOPTS IN GUIDELINES PURSUANT TO SUBSECTION (4) OF THIS SECTION.

13 (e) "ENERGY SAVING MORTGAGE" MEANS A MORTGAGE ISSUED TO
14 A BORROWER BY A PARTICIPATING LENDER THROUGH THE COLORADO
15 ENERGY SAVING MORTGAGE PROGRAM FOR THE PURPOSE OF FINANCING:

16 (I) THE PURCHASE OF A NEWLY BUILT ENERGY EFFICIENT HOME; OR

17 (II) IMPROVEMENTS TO AN EXISTING HOME THAT:

18 (A) ARE MADE IN ACCORDANCE WITH RECOMMENDATIONS MADE
19 BY OR APPROVED BY THE COLORADO ENERGY OFFICE FOLLOWING A
20 RESIDENTIAL ENERGY AUDIT OF THE HOME; AND

21 (B) ARE CONFIRMED BY POST-INSTALLATION VERIFICATION
22 CONDUCTED BY THE COLORADO ENERGY OFFICE OR A VENDOR, INCLUDING
23 BUT NOT LIMITED TO A PARTICIPATING UTILITY, UNDER CONTRACT WITH
24 THE OFFICE TO HAVE IMPROVED THE ENERGY EFFICIENCY OF THE HOME TO
25 THE EXTENT REQUIRED BY THE COLORADO ENERGY OFFICE.

26 (f) "HERS INDEX" MEANS THE HOME ENERGY RATING SYSTEM
27 INDEX ESTABLISHED BY RESNET TO MEASURE THE ENERGY EFFICIENCY
28 OF A HOME.

29 (g) "PARTICIPATING LENDER" MEANS A BANK, CREDIT UNION,
30 OTHER FINANCIAL INSTITUTION, OR INDEPENDENT MORTGAGE BROKER
31 THAT PARTICIPATES IN THE COLORADO ENERGY SAVING MORTGAGE
32 PROGRAM BY ISSUING ENERGY SAVING MORTGAGES AND CONTRIBUTING
33 FUNDING THAT REDUCES THE TOTAL COST OF THE MORTGAGES TO THE
34 BORROWERS.

35 (h) "PARTICIPATING PUBLIC UTILITY" MEANS A PUBLIC UTILITY, AS
36 DEFINED IN SECTION 40-1-103, C.R.S., INCLUDING ANY MUNICIPALITY
37 THAT OPERATES AN ELECTRIC UTILITY AND ANY COOPERATIVE ELECTRIC
38 OR GAS ASSOCIATION OR NONPROFIT ELECTRIC CORPORATION OR
39 ASSOCIATION, THAT:

40 (I) PROVIDES ELECTRICITY OR NATURAL GAS TO RESIDENTIAL
41 CUSTOMERS, WITHOUT REGARD TO WHETHER THE UTILITY, ASSOCIATION,

1 OR CORPORATION IS SUBJECT TO OR EXEMPT, IN WHOLE OR IN PART, FROM
2 THE "PUBLIC UTILITIES LAW", ARTICLES 1 TO 7 OF TITLE 40, C.R.S.;

3 (II) CHOOSES TO PARTICIPATE IN THE COLORADO ENERGY SAVING
4 MORTGAGE PROGRAM BY MEETING ALL REQUIREMENTS FOR
5 PARTICIPATION SET FORTH IN GUIDELINES ADOPTED BY THE COLORADO
6 ENERGY OFFICE; AND

7 (III) IF IT IS REQUIRED TO COMPLY WITH THE PROVISIONS OF
8 ARTICLE 3.2 OF TITLE 40, HAS, PRIOR TO ITS INITIAL PARTICIPATION IN THE
9 COLORADO ENERGY SAVINGS MORTGAGE PROGRAM, HAD THE PUBLIC
10 UTILITIES COMMISSION APPROVE A PARTICIPATION PLAN.

11 (i) "RESNET" MEANS THE RESIDENTIAL ENERGY SERVICES
12 NETWORK THAT IS A RECOGNIZED NATIONAL STANDARDS-MAKING BODY
13 FOR BUILDING ENERGY EFFICIENCY RATING AND CERTIFICATION SYSTEMS
14 IN THE UNITED STATES.

15 (2) THE COLORADO ENERGY OFFICE MAY SPEND ANY AVAILABLE
16 MONEYS TO FUND ENERGY SAVING MORTGAGES SUBJECT TO THE
17 FOLLOWING LIMITATIONS:

18 (a) TO THE EXTENT FEASIBLE, THE COLORADO ENERGY OFFICE
19 SHALL SPEND MONEY EVENLY ON ENERGY SAVING MORTGAGES THAT
20 FINANCE PURCHASES OF NEWLY BUILT ENERGY EFFICIENT HOMES AND
21 ENERGY SAVING MORTGAGES THAT FINANCE IMPROVEMENTS TO EXISTING
22 RESIDENCES;

23 (b) EACH ENERGY SAVING MORTGAGE MAY INCLUDE FUNDING
24 THAT REDUCES THE TOTAL COST OF THE MORTGAGE TO THE BORROWER
25 FROM BOTH A PARTICIPATING PUBLIC UTILITY AND A PARTICIPATING
26 LENDER. THE COLORADO ENERGY OFFICE MAY ADOPT GUIDELINES TO
27 SPECIFY MINIMUM PERCENTAGES OF TOTAL FUNDING FOR AN ENERGY
28 SAVING MORTGAGE THAT EACH NONSTATE SOURCE OF FUNDING MUST
29 PROVIDE.

30 (c) IF A UTILITY CHOOSES TO PARTICIPATE IN THE COLORADO
31 ENERGY SAVINGS MORTGAGE PROGRAM BY PROVIDING DEMAND-SIDE
32 MANAGEMENT PROGRAM MONEYS, SUCH MONEYS MAY ONLY BE USED
33 TOWARDS ENERGY SAVINGS ATTRIBUTABLE TO ENERGY EFFICIENCY
34 IMPROVEMENTS AND NOT TOWARDS ENERGY SAVINGS ATTRIBUTABLE TO
35 RENEWABLE ENERGY OR ON-SITE ENERGY GENERATION IMPROVEMENTS.

36 (d) IF A UTILITY HAS EXISTING DEMAND-SIDE MANAGEMENT
37 PROGRAMS FOR RESIDENTIAL NEW CONSTRUCTION OR WHOLE-HOUSE
38 EXISTING RETROFITS, THE UTILITY MUST IDENTIFY, IN A DEMAND-SIDE
39 MANAGEMENT PLAN APPROVED BY THE PUBLIC UTILITIES COMMISSION
40 PRIOR TO THE UTILITY'S INITIAL PARTICIPATION IN THE COLORADO ENERGY
41 MORTGAGE SAVINGS PROGRAM, HOW IT WILL TRACK PARTICIPATION IN ALL

1 PROGRAMS, INCLUDING THE COLORADO ENERGY SAVINGS MORTGAGE
2 PROGRAM, TO ENSURE THAT CUSTOMERS DO NOT RECEIVE MULTIPLE
3 INCENTIVES.

4 (e) THE COLORADO ENERGY OFFICE MAY ONLY APPROVE AN
5 ENERGY SAVING MORTGAGE THAT FINANCES IMPROVEMENTS TO AN
6 EXISTING HOME IF THE IMPROVEMENTS ARE MADE BY OR APPROVED BY
7 THE OFFICE FOLLOWING A RESIDENTIAL ENERGY AUDIT OF THE HOME AND
8 ARE CONFIRMED BY POST-INSTALLATION VERIFICATION TO HAVE
9 INCREASED THE ENERGY EFFICIENCY OF THE HOME TO THE EXTENT
10 REQUIRED BY THE OFFICE. THE OFFICE MAY ADOPT GUIDELINES THAT
11 SPECIFY REQUIREMENTS FOR ENERGY EFFICIENCY INCREASES AND THE
12 CONDUCT OF RESIDENTIAL ENERGY AUDITS AND POST-INSTALLATION
13 TESTING.

14 (f) SUBJECT TO THE FOLLOWING MAXIMUM VALUE LIMITATIONS,
15 THE COLORADO ENERGY OFFICE MAY ADOPT ENERGY SAVINGS-BASED
16 GUIDELINES THAT SET FORTH THE MAXIMUM TOTAL VALUE TO THE
17 BORROWER IN TERMS OF REDUCTION IN THE TOTAL COSTS OF AN ENERGY
18 SAVING MORTGAGE:

19 (I) FOR AN ENERGY SAVING MORTGAGE THAT FINANCES THE
20 PURCHASE OF A NEW ENERGY EFFICIENT HOME, THE MAXIMUM TOTAL
21 VALUE TO THE BORROWER IN TERMS OF REDUCTION IN THE TOTAL COSTS
22 OF AN ENERGY SAVING MORTGAGE IS:

23 (A) FOR A HOME THAT HAS A HERS INDEX SCORE OF ZERO, EIGHT
24 THOUSAND DOLLARS OR ANY LOWER AMOUNT THAT THE COLORADO
25 ENERGY OFFICE ESTABLISHES IN GUIDELINES; OR

26 (B) FOR A HOME THAT HAS A HERS INDEX SCORE THAT IS
27 GREATER THAN ZERO BUT NO MORE THAN FIFTY, ANY LOWER AMOUNTS
28 THAT THE COLORADO ENERGY OFFICE ESTABLISHES IN GUIDELINES
29 SUBJECT TO THE LIMITATION THAT IF THE OFFICE ESTABLISHES MULTIPLE
30 LOWER AMOUNTS, THOSE AMOUNTS MUST INCREASE AS THE HERS INDEX
31 SCORE OF A HOME DECREASES;

32 (II) FOR AN ENERGY SAVING MORTGAGE THAT FINANCES
33 IMPROVEMENTS TO AN EXISTING HOME, THE MAXIMUM TOTAL VALUE TO
34 THE BORROWER IN TERMS OF REDUCTION IN THE TOTAL COSTS OF AN
35 ENERGY SAVING MORTGAGE IS THE LESSER OF ANY ENERGY
36 SAVINGS-BASED AMOUNT ADOPTED IN GUIDELINES BY THE COLORADO
37 ENERGY OFFICE OR EIGHT THOUSAND DOLLARS.

38 (g) THE COLORADO ENERGY OFFICE MAY SPEND MONEYS
39 CONTRIBUTED BY A PARTICIPATING PUBLIC UTILITY ONLY FOR ENERGY
40 SAVING MORTGAGES FOR HOMES WITHIN THE SERVICE AREA OF THE
41 PARTICIPATING PUBLIC UTILITY.

1 (h) IF DEMAND-SIDE MANAGEMENT MONEYS CONTRIBUTED BY A
2 PARTICIPATING UTILITY, WHEN COMBINED WITH MONEYS FROM ALL OTHER
3 SOURCES, YIELD AN INCENTIVE AMOUNT THAT EXCEEDS THE INCREMENTAL
4 COST OF THE ENERGY SAVING IMPROVEMENTS, THE UTILITY MUST SET
5 FORTH THE TREATMENT OF THE DEMAND-SIDE MANAGEMENT MONEYS IN
6 ITS DEMAND-SIDE MANAGEMENT PLAN AND HAVE THAT TREATMENT
7 APPROVED BY THE PUBLIC UTILITIES COMMISSION.

8 (i) IF THE PARTICIPATION OF A PARTICIPATING UTILITY CAUSES
9 ADDITIONAL ENERGY SAVINGS IMPROVEMENTS TO BE MADE, DUE TO THE
10 MATCHING COLORADO ENERGY OFFICE AND LENDER MONEYS, THE PUBLIC
11 UTILITIES COMMISSION MAY INCLUDE THE ADDITIONAL ENERGY SAVINGS
12 BENEFITS AND EXCLUDE THE ADDITIONAL LEVERAGED MONEYS FROM THE
13 BENEFIT-COST RATIO CALCULATION DESCRIBED IN SECTION 40-1-102 (5)
14 (b), C.R.S.

15 (3) A PARTICIPATING PUBLIC UTILITY RECEIVES CREDIT FOR ITS
16 PARTICIPATION IN THE PROGRAM TOWARDS ANY DEMAND SIDE
17 MANAGEMENT PROGRAM TARGETS, CONTINGENT UPON PUBLIC UTILITIES
18 COMMISSION APPROVAL, PURSUANT TO ARTICLE 3.2 OF TITLE 40, C.R.S.,
19 OR MAY RECEIVE CREDIT TOWARDS ANY GREENHOUSE GAS EMISSIONS
20 REQUIREMENTS THAT MAY BE ESTABLISHED IN THE FUTURE.

21 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
22 IF ANOTHER INDEX OR MEASURE SUPERSEDES THE HERS INDEX AS THE
23 INDUSTRY STANDARD FOR MEASURING BUILDING ENERGY EFFICIENCY, THE
24 COLORADO ENERGY OFFICE MAY ADOPT GUIDELINES THAT:

25 (a) ADOPT THE OTHER INDEX OR MEASURE AS THE STANDARD FOR
26 DETERMINING THE ENERGY EFFICIENCY OF A NEW HOME OR EXISTING
27 RESIDENCE;

28 (b) SPECIFY VALUES ON THE NEW INDEX OR MEASURE THAT ARE
29 COMPARABLE TO THE HERS INDEX SCORES AND POINT IMPROVEMENTS
30 SPECIFIED IN THIS SECTION AND ARE TO BE USED TO DETERMINE
31 ELIGIBILITY FOR AND THE MAXIMUM VALUE OF ENERGY SAVING
32 MORTGAGES; AND

33 (c) SPECIFY THE REQUIREMENTS AND PROCEDURES, INCLUDING
34 ANY REQUIRED ACCREDITATION OF RATING PROVIDERS OR CERTIFICATION
35 OF RATERS, THAT MUST BE COMPLIED WITH IN RATING A NEW HOME OR
36 EXISTING RESIDENCE UNDER THE OTHER INDEX OR MEASURE.

37 **SECTION 2. Safety clause.** The general assembly hereby finds,
38 determines, and declares that this act is necessary for the immediate
39 preservation of the public peace, health, and safety."

40 Page 1, line 102, strike "PROGRAM AND THE".

1 Page 1, strike line 103 and substitute "**PROGRAM, ESTABLISHING**".

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