

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 14-1052.01 Duane Gall x4335

SENATE BILL 14-202

SENATE SPONSORSHIP

Kerr,

HOUSE SPONSORSHIP

Tyler,

Senate Committees
Education

House Committees
Business, Labor, Economic, & Workforce Development

A BILL FOR AN ACT

101 CONCERNING MODIFICATIONS TO THE REQUIREMENTS APPLICABLE TO
102 THE SCHOOL ENERGY LOAN PROGRAM.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill increases the availability of funds for school districts to invest in renewable energy and energy efficiency improvements by:

- ! Expanding the types of financial institutions from which school districts are required to explore their loan options to include institutions other than "banks" as defined in the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
2nd Reading Unamended
May 6, 2014

SENATE
3rd Reading Unamended
May 5, 2014

SENATE
Amended 2nd Reading
May 2, 2014

- ! "Colorado Banking Code" (**section 1**);
- ! Specifically including solar thermal as well as solar photovoltaic among the types of projects for which loans are available under the "Renewable Energy and Energy Efficiency for Schools Loan Program Act" (section 1);
- ! Eliminating the requirement that a school district inquire of at least 2 banks before seeking a loan from the state under the program (**section 2**);
- ! Explicitly allowing a school district to obtain renewable energy through a power purchase agreement, third-party ownership of energy generation facilities, or participation in a community solar garden (section 2);
- ! Changing the certification requirement for projects funded through the program from federal "energy star" certification to compliance with the state standards for energy-efficient school buildings and structures (**section 3**); and
- ! Lowering the interest rate charged to schools so that it equals, rather than exceeds, the average book yield earned by the state fund in the previous quarter (**section 4**).

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 22-92-102, **amend**

3 (3) introductory portion as follows:

4 **22-92-102. Legislative declaration.** (3) Now, therefore, the
 5 general assembly determines and declares that it would serve the best
 6 interests of Colorado schools for the state to make available loans to
 7 support the efforts of school districts that choose to undertake renewable
 8 energy projects or ~~energy-efficient bus~~ ENERGY EFFICIENCY projects.
 9 Furthermore, to ensure that the best interests of Colorado schools are
 10 being served, the legislative service agencies of the general assembly
 11 shall conduct a post-enactment review of this act and report their
 12 conclusions to the education committees of the house of representatives
 13 and senate, or any successor committees. The review shall include
 14 consideration of the following information:

1 **SECTION 2. In Colorado Revised Statutes, 22-92-103, amend**
2 (2) and (9) as follows:

3 **22-92-103. Definitions.** As used in this article, unless the context
4 otherwise requires:

5 (2) "Energy-efficient bus "ENERGY EFFICIENCY project" means a
6 project to help a qualified school district attain and employ
7 battery-powered, compressed natural gas, propane gas, or hybrid-electric
8 buses in its daily transportation operations for the purpose of reducing
9 energy consumption and expenditures. THAT WILL RESULT IN MORE
10 EFFICIENT USE OF ENERGY OR RESOURCES. THE TERM INCLUDES:

11 (a) INSTALLATION OF EQUIPMENT AND RELATED INFRASTRUCTURE
12 THAT WILL HELP DEFRAY ENERGY COSTS;

13 (b) IMPROVING THE ENERGY EFFICIENCY OF A BUILDING BY
14 ADDRESSING LIGHTING ISSUES, IMPROVING MECHANICAL SYSTEMS AND
15 EQUIPMENT, ADDING INSULATION OR OTHERWISE IMPROVING THE
16 BUILDING ENVELOPE, ADDING OR INCORPORATING SOLAR THERMAL
17 TECHNOLOGIES, OR IMPROVING OPERATIONS MANAGEMENT;

18 (c) REDUCING WATER USAGE OR WATER CONSUMPTION; AND

19 (d) IMPROVING THE ENERGY EFFICIENCY OF MOTOR VEHICLE
20 FLEETS, INCLUDING BUS FLEETS, THROUGH MEASURES INCLUDING THE USE
21 OF HYBRID OR ALTERNATIVE-FUEL VEHICLES AND THE ADDITION OF
22 FUEL-SAVING TECHNOLOGIES TO EXISTING VEHICLES.

23 (9) "Renewable energy project team" means a team of people who
24 are dedicated to a renewable energy project at a school district. A
25 renewable energy project team shall include, at a minimum,
26 representatives of the school district, representatives of the local
27 community, and at least one member who provides professional technical
28 assistance to the school district to facilitate a renewable energy project or

1 an energy-efficient bus ENERGY EFFICIENCY project. The member of a
2 renewable energy project team who provides professional technical
3 assistance to the school district may be a representative of a local
4 electrical utility.

5 **SECTION 3. In Colorado Revised Statutes, 22-92-104, amend**
6 **(1), (3), and (5) as follows:**

7 **22-92-104. Renewable energy and energy efficiency for schools**
8 **loan program - created - applications - permissible uses of loans.**

9 (1) There is hereby created the renewable energy and energy efficiency
10 for schools loan program to fund renewable energy projects and
11 energy-efficient bus ENERGY EFFICIENCY projects at qualified school
12 districts. A qualified school district may, with the written authorization
13 of the school district board of education, apply to the Colorado energy
14 office, in accordance with procedures and deadlines established by rules
15 promulgated by the state board of education pursuant to section
16 22-92-105, to receive moneys through the loan program. The office shall
17 administer the loan program as provided in this article and pursuant to the
18 policies adopted by the office.

19 (3) (a) A qualified school district that receives a loan through the
20 loan program shall use the moneys received to pay for technical
21 assistance, equipment, or installation costs associated with a renewable
22 energy project or an energy-efficient bus ENERGY EFFICIENCY project.

23 (b) A qualified school district that receives a loan through the loan
24 program for a renewable energy project may use the moneys received to
25 finance the acquisition of a renewable energy project THAT IS LOCATED
26 ON THE SCHOOL PREMISES AND, IF IT GENERATES ELECTRICITY, IS
27 INTERCONNECTED ON THE CUSTOMER SIDE OF THE UTILITY METER IN
28 ACCORDANCE WITH INTERCONNECTION STANDARDS ADOPTED BY THE

1 PUBLIC UTILITIES COMMISSION. SUCH A PROJECT MAY INCORPORATE OR
2 CONSIST OF THIRD-PARTY OWNERSHIP, AS AUTHORIZED UNDER PART 2 OF
3 ARTICLE 38.7 OF TITLE 24, C.R.S., OR AN INTEREST IN A COMMUNITY
4 SOLAR GARDEN, AS DEFINED IN SECTION 40-2-127, C.R.S.

5 (5) A qualified school district may apply for a loan from the loan
6 program for a renewable energy project or an energy-efficient bus
7 ENERGY EFFICIENCY project that is located at a charter school of the
8 school district.

9 **SECTION 4.** In Colorado Revised Statutes, 22-92-105, amend
10 (1) (b) (I) and (2) as follows:

11 **22-92-105. Renewable energy and energy efficiency for schools**
12 **loan program - rules - awarding loans.** (1) On or before October 15,
13 2009, the state board of education, in consultation with the Colorado
14 energy office, shall promulgate rules establishing policies and procedures
15 for the administration of the renewable energy and energy efficiency for
16 schools loan program. At a minimum, the rules shall include:

17 (b) The requirements that the office shall require of loan
18 applicants, which requirements shall include, but need not be limited to
19 a requirement that a loan applicant submit with its application:

20 (I) An energy rating for the facility for which ~~the~~ A RENEWABLE
21 ENERGY PROJECT loan is intended that demonstrates that the facility
22 qualifies for the federal energy star label ~~which rating has been issued as~~
23 a result of an audit performed by a qualified energy efficiency auditor OR
24 MEETS THE EFFICIENCY REQUIREMENTS SET FORTH IN SECTION
25 22-32-124.3; or

26 (2) (a) The Colorado energy office shall review each loan
27 application received from a qualified school district pursuant to section
28 22-92-104 (1), evaluate the renewable energy project or energy-efficient

1 bus ENERGY EFFICIENCY project described therein, and make a
2 recommendation to the state treasurer as to whether to award the loan and
3 the amount of the loan. If the office determines an application is missing
4 any information required by the office's policy to be included with the
5 application, the office may contact the applicant to obtain the missing
6 information.

7 (b) In reviewing loan applications for renewable energy projects
8 and energy-efficient bus ENERGY EFFICIENCY projects pursuant to
9 paragraph (a) of this subsection (2), the Colorado energy office shall
10 consider, at a minimum, whether a qualified school district would reduce
11 its energy costs by the implementation of the renewable energy project or
12 energy-efficient bus ENERGY EFFICIENCY project that is the subject of each
13 loan application.

14 **SECTION 5. In Colorado Revised Statutes, 22-92-107, amend**
15 **(1) introductory portion, (1) (a), (2) (a), and (4) as follows:**

16 **22-92-107. Loans from public school fund authorized. (1) As**
17 **authorized under the provisions of section 3 of article IX of the state**
18 **constitution, the state treasurer may make loans to school districts to**
19 **assist them in providing necessary buildings, land, and equipment,**
20 **including renewable energy projects and energy-efficient bus ENERGY**
21 **EFFICIENCY projects as described in this article. Loans made pursuant to**
22 **this article shall not be subject to the provisions of section 24-36-113,**
23 **C.R.S., that require the state treasurer to secure the maximum rate of**
24 **interest on investments of state moneys. The procedures for the making**
25 **of loans shall be determined by the state treasurer subject to the**
26 **following:**

27 (a) No loan shall be authorized for any renewable energy project
28 or energy-efficient bus ENERGY EFFICIENCY project that has not been

1 evaluated by the Colorado energy office pursuant to section 22-92-105 (2)
2 (a).

3 (2) (a) Subject to the limitations described in this section, the state
4 treasurer shall determine the amount of the permanent school fund that
5 may be loaned out pursuant to this section, which qualified school
6 districts shall receive loans, the amount of each loan, the terms of
7 repayment of each loan, and the rate of interest to be charged on loans.
8 The average rate of interest charged on loans made in any calendar year
9 must exceed AT LEAST EQUAL the average book yield earned by the fund
10 in the most recently completed quarter. Payments of the principal of and
11 interest on all loans shall be returned to the public school fund.

12 (4) Administrative costs that will be incurred by a qualified school
13 district as a result of the renewable energy project or energy-efficient bus
14 ENERGY EFFICIENCY project that is the basis for the loan may be included
15 in the amount of the loan.

16 **SECTION 6. Applicability.** This act applies to applications
17 submitted pursuant to section 22-92-104, Colorado Revised Statutes, on
18 or after the effective date of this act.

19 **SECTION 7. Safety clause.** The general assembly hereby finds,
20 determines, and declares that this act is necessary for the immediate
21 preservation of the public peace, health, and safety.