



ARIZONA HOUSE OF REPRESENTATIVES

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First Regular Session

House: NREW DP 10-0-0

HB 2333: energy; water; savings accounts.

**Sponsor: Representative Pratt, LD 8
Caucus & COW**

Overview

Allows contracts for projects funded through energy or water savings accounts to be extended up to 25 years, requires impacts to other costs and revenues to be considered when evaluating these projects, and allows capital cost repayment schedules that are shorter than what is required in statute to be used for guaranteed energy cost savings contracts.

History

Energy and Water Savings Accounts

Counties, municipalities and school districts can establish an energy and water savings accounts that consists of capital investment monies that will be used to finance energy or water savings projects in public facilities. Before implementing these projects, the county, municipality or school district must review and approve the estimated amount of energy or water savings and associated impact on energy or water costs that will be achieved over the contract's term (A.R.S. §§ [9-499.16\(E\)](#), [11-254.08\(E\)](#) and [15-910.02\(F\)](#)).

The *qualified provider* or financial institution, trustee or paying agent and county, municipality or school district must develop a schedule for repaying capital investment monies that results in lower energy or water costs. This schedule must include the total cost of all installed energy or water savings measures over the contract's term. For municipalities and counties, this contract term is cannot extend beyond 15 years (A.R.S. §§ [9-499.16](#) and [11-254.08](#)). For school districts, the contract term can extend to the shortest of:

- The period of the capital investment repayment schedule up to the expected life of the energy cost savings measures implemented;
- The term of the financial agreement; or
- 25 years ([A.R.S. § 15-910.02\(G\)](#)).

The municipality or county must transfer its monthly payment to the energy and water savings account from the maintenance and operation part of its budget to repay any unpaid balance of capital investment previously deposited into this account (A.R.S. §§ [9-499.16\(F\)](#) and [11-254.08\(F\)](#)).

A *qualified provider* is a business experienced in designing, implementing or installing energy cost savings measures and the financial ability to satisfy guarantees for energy cost savings ([A.R.S. § 34-105\(O\)\(6\)](#)).

Guaranteed Energy Cost Savings Contracts

Counties, municipalities, their respective subdivisions such as boards, commissions, irrigation districts and city improvement districts (collectively referred to as *agents*) and school districts can procure guaranteed energy cost savings contracts with *qualified providers* if these measures will pay for themselves within their expected lifetimes (A.R.S. §§ [15-213.01\(B\)](#), [34-101\(1\)](#) and [34-105\(A\)](#)). The *qualified provider* must conduct a study to establish the scope of this contract, the

fixed cost savings guarantee amount and the methodology for determining the actual savings. After the *agent* or school district approves this study, the provider must transmit a copy to the School Facilities Board and the Governor's Office of Energy Policy. Additionally, the school district must report certain information about its project, including the project's total cost and the expected energy cost savings and relevant escalators, to this same office (A.R.S. §§ [15-213.01\(E\)](#) and [\(N\)](#) and [34-105\(E\)](#)). However, the Governor's Office of Energy Policy is no longer operational.

Provisions

Energy and Water Savings Accounts for Municipalities and Counties (Sec. 1 and 2)

1. Lengthens the limits on contract terms that are paid from energy or water savings accounts from 15 to 25 years.
2. Adds other costs and revenue to:
 - a) The associated impacts that must be computed by the *qualified provider* or energy or water services company and reviewed and approved by the municipality or county; and
 - b) The required results of a repayment schedule that includes the total costs of all installed energy or water savings measures for the municipality or county.
3. Removes the requirements that:
 - a) A municipality or county must transfer on a monthly basis the amount prescribed in the repayment schedule to the energy and water savings account to repay any unpaid balance of its capital investment.; and
 - b) The *qualified provider* or energy or water services company provide separate billing to repay the capital investment on a monthly basis.

Energy and Water Savings Accounts for School Districts (Sec. 4)

4. Allows the terms for a contract to extend up to the expected life of the energy cost savings measures implemented, the term of the financial agreement, or 25 years, whichever is shortest.
5. Adds other costs and revenue to:
 - a) The associated impacts that must be computed by the *qualified provider* or energy or water services company and reviewed and approved by the school district and
 - b) The required results of a repayment schedule that includes the total costs of all installed energy or water savings measures for the school district.

Guaranteed Energy Cost Savings Contracts for School Districts and Agents (Sec. 3 and 5)

6. Requires the following to be submitted to the Arizona Department of Administration instead of the Governor's Office of Energy Policy:
 - a) A copy of the energy cost savings study conducted by the *qualified provider* and approved by the school district or *agent*; and
 - b) A report from the school district that contains information on its energy savings project.
7. Allows a school district and *agent* to use a shorter capital cost repayment schedule than what is required in statute.

Miscellaneous

8. Defines *energy cost savings*. (Sec. 3 and 5)
9. Makes technical and conforming changes. (Sec. 1-5)

<input type="checkbox"/> Prop 105 (45 votes)	<input type="checkbox"/> Prop 108 (40 votes)	<input type="checkbox"/> Emergency (40 votes)	<input type="checkbox"/> Fiscal Note
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