



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5503

Introduced 2/15/2012, by Rep. Brandon W. Phelps

SYNOPSIS AS INTRODUCED:

New Act
30 ILCS 105/5.811 new
30 ILCS 500/30-45

Creates the Energy Efficiency Program for State Government Buildings Act. Creates the Energy Efficiency Program for State Government Buildings to be administered by the Capital Development Board. Provides that the Energy Efficiency Program for State Government Buildings shall provide for implementation of low cost/no cost energy conservation measures, engineering analyses, energy efficiency measures, building improvements, and monitoring of results for State-owned or State-leased buildings. Provides that savings from the implementation of energy efficiency measures under a guaranteed energy savings performance contract shall be used to satisfy the obligations under the guaranteed energy savings performance contract and to repay the cost of the other means used to finance the energy efficiency measures. Provides that the Board shall establish high-performance building standards. Provides that the Board shall establish, by rule, a process for procurement of energy savings performance contracts. Sets forth provisions concerning an energy audit training program and life-cycle energy cost analyses. Requires an annual report on energy efficiency measures in State government. Creates the Energy Efficiency in State Government Buildings Fund. Effective immediately.

LRB097 15518 PJG 60642 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning energy efficiency.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Energy
5 Efficiency Program for State Government Buildings Act.

6 Section 5. Purpose. The General Assembly finds and declares
7 it to be the public policy of the State to maximize the use of
8 energy efficiency measures in the construction, renovation,
9 and maintenance of buildings owned or leased by the State. In
10 furtherance of this policy, the Capital Development Board shall
11 administer an energy efficiency program, to be known as the
12 Energy Efficiency Program for State Government Buildings.

13 Section 10. Definitions. As used in this Act, unless the
14 context requires otherwise:

15 "Aggregate simple payback period" means the simple payback
16 period of a set of energy efficiency measures taken together
17 for a building.

18 "Building" means all contiguous land, structures,
19 appurtenances, and improvements that use energy.

20 "Board" means the Capital Development Board.

21 "Capital cost avoidance" means savings generated when
22 expenditures of appropriated capital construction or

1 appropriated capital outlay funds are avoided because the
2 budgeted capital improvements or items of equipment are
3 contained within the energy efficiency measures provided by a
4 guaranteed energy savings performance contract.

5 "Director" means the Executive Director of the Capital
6 Development Board.

7 "Energy audit" means examination of a building's
8 energy-using systems, energy consumption and costs, occupancy
9 patterns, and operation and maintenance procedures.

10 "Energy efficiency measure" means any construction,
11 improvement, repair, alteration, or betterment of a building
12 that is intended to reduce energy consumption; or any
13 equipment, fixture, or furnishing to be added to or used in a
14 building that will be a cost-effective energy-related project
15 that is intended to reduce energy consumption.

16 "ENERGY STAR" means the voluntary program administered by
17 the United States Environmental Protection Agency and the
18 United States Department of Energy that is designed to protect
19 the environment through the promotion of energy-efficient
20 products and practices.

21 "Engineering analysis" means a detailed cost-benefit
22 analysis of energy efficiency investments, including a review
23 of potential cost savings through operation and maintenance
24 changes.

25 "Guaranteed energy savings performance contract" means an
26 agreement for the provision of energy services or equipment,

1 including energy efficiency measures, energy conservation
2 measures and alternate energy technologies for State
3 government buildings, in which a person agrees to design,
4 construct, install, maintain, operate, or manage energy
5 systems or equipment to improve energy efficiency of, or
6 produce energy in connection with, a State government building.
7 Payments for a guaranteed energy savings performance contract
8 shall be made from measured and verified savings generated from
9 implementation of the energy efficiency measures financed by
10 the contract. The term of a guaranteed energy savings
11 performance contract shall not exceed the life of the energy
12 savings generated from implementation of the energy efficiency
13 measures financed by the contract. If the measured and verified
14 savings are not sufficient to pay the financial obligations
15 under the contract, the contractor is liable for the contract
16 payments.

17 "High-performance building" means a State government
18 building that is designed, constructed, and capable of being
19 operated in a manner that:

20 (1) increases environmental performance and economic
21 value over time;

22 (2) safeguards the health of occupants;

23 (3) enhances satisfaction and productivity of workers
24 through energy-efficient systems;

25 (4) incorporates environmentally friendly materials
26 and products; and

1 (5) reduces waste.

2 "Life-cycle cost analysis" means a method for estimating
3 the total cost of an energy-using component or building over
4 its useful life, including cost factors such as purchase price
5 or construction, renovation, or leasing costs, energy use,
6 maintenance, interest, and inflation.

7 "Low cost/no cost energy conservation measures" means
8 those energy saving practices and energy efficiency measures,
9 usually involving operation and maintenance practices, that
10 can be accomplished by existing personnel within existing
11 operating budgets.

12 "Operating costs" means expenditures associated with
13 operating and maintaining a properly functioning building and
14 its systems including but not limited to the heating,
15 ventilation, cooling, lighting, plumbing, water heating,
16 electrical, and laundry systems and their controls.

17 "Simple payback period" means the number of years it takes
18 to pay back, from estimated savings, the initial cost of an
19 energy efficiency measure with the simple payback period equal
20 to the initial cost divided by the estimated annual savings.

21 "Savings" means the reduction in expenditures, excluding
22 any State government and university personnel expenditures,
23 that are measured and verified, including but not limited to
24 energy usage, operating costs, and capital cost avoidance that
25 occur as a result of the implementation of energy efficiency
26 measures.

1 Section 15. Energy Efficiency Program for State Government
2 Buildings.

3 (a) The Energy Efficiency Program for State Government
4 Buildings shall provide for implementation of low cost/no cost
5 energy conservation measures, engineering analyses, energy
6 efficiency measures, building improvements, and monitoring of
7 results for State-owned or State-leased buildings.

8 (b) Any engineering analysis conducted on a State-owned
9 building shall assess the energy efficiency of the building and
10 make recommendations for improving the efficient use of energy
11 within the building. The analyses shall be performed by
12 qualified engineers, architects, or other persons trained in
13 energy efficiency who may be employees of the Board.

14 (c) Except as provided in subsection (e) of this Section,
15 measures to improve the energy efficiency of a State-owned
16 building that have an aggregate simple payback period of 5
17 years or less shall be implemented subject to appropriation. No
18 more than 5% of the cost of energy efficiency measures for a
19 building may be used for monitoring the results.

20 (d) If funds are appropriated for energy efficiency
21 improvements, the Board shall prioritize projects among the
22 various State-owned buildings to determine which projects
23 shall be implemented to best use the available funding.

24 (e) If no funds are appropriated for energy efficiency
25 improvements, energy efficiency measures for a State-owned

1 building may be financed by other means. These other means
2 include but are not limited to guaranteed energy savings
3 performance contracts as defined under this Act. These energy
4 efficiency measures shall not be limited to those that have an
5 aggregate simple payback period of 5 years or less, but shall
6 result in reasonable economic benefit to the State. Ownership
7 of the energy efficiency measures shall be transferred to the
8 State upon completion of the guaranteed energy savings
9 performance contract or as otherwise agreed upon in the
10 contract. Savings from the implementation of the energy
11 efficiency measures under the guaranteed energy savings
12 performance contract shall be used to satisfy the obligations
13 under the guaranteed energy savings performance contract and to
14 repay the cost of the other means used to finance the energy
15 efficiency measures, and may be used to repay expenses incurred
16 by the Board to reimburse the Board for expenses related to the
17 guaranteed energy savings performance contract, including but
18 not limited to staff time for monitoring, overseeing, and
19 managing the project. All savings projected under a guaranteed
20 energy savings performance contract shall be guaranteed to the
21 State.

22 (f) The savings in reduced expenditures that are specified
23 as payment sources shall be documented in the guaranteed energy
24 savings performance contract. Savings shall be determined by
25 using one of the measurement and verification methodologies
26 listed in the United States Department of Energy's

1 "International Performance Measurement and Verification
2 Protocol". If specific data limitations or documented unique
3 characteristics of the project prevent use of the
4 "International Performance Measurement and Verification
5 Protocol", an alternative method that is compatible shall be
6 adopted upon documentation and approval of the Director.

7 Section 20. Required high-performance building standards.

8 (a) To improve energy efficiency throughout State
9 government, the Board and the universities that manage their
10 own capital construction projects shall:

11 (1) beginning July 1, 2013, require that all
12 construction or renovation of State government buildings
13 for which 50% or more of the total capital cost is paid by
14 the State shall be designed and constructed, or renovated,
15 to meet the high-performance building standards
16 established in this Act; this item (1) applies to all
17 projects that have not entered the design phase prior to
18 January 1, 2013;

19 (2) require that all building leases entered into by
20 the State or any of its agencies on and after July 1, 2022,
21 shall meet the high-performance building standards; from
22 July 1, 2013 and prior to July 1, 2022, a building that
23 meets the high-performance building standards established
24 in this Act shall be given a preference in the State
25 leasing process over other buildings that do not meet the

1 high-performance building standards; and

2 (3) incorporate ENERGY STAR-qualified products in
3 State agency procurements to the extent economically
4 feasible using a life-cycle cost analysis.

5 (b) The Board shall promulgate administrative rules
6 pursuant to the Illinois Administrative Procedure Act
7 necessary to implement this Section. The Board shall establish
8 the criteria for the high-performance building standards and
9 the benchmarks by which the high-performance building
10 standards will be measured. At a minimum, the Board shall:

11 (1) include the standards for site selection and
12 management, water efficiency, energy conservation, waste
13 reduction, material and resource use, and indoor air
14 quality; and

15 (2) require that each high-performance building be
16 designed, constructed, or renovated so that it is capable
17 of being rated as an ENERGY STAR building in accordance
18 with the criteria and rating system adopted by the United
19 States Environmental Protection Agency and in effect at the
20 time the building is designed or, in the case of buildings
21 that are leased by the State on or after July 1, 2022, at
22 the time the lease is entered into.

23 (c) In developing the criteria for the high-performance
24 building standards, the Board shall consider and encourage the
25 use of:

26 (1) building materials manufactured with recycled

1 content within the State; and

2 (2) renewable energy sources.

3 (d) The Board shall develop, by rule, a certification
4 process for the attainment of high-performance building
5 standards with respect to the following 5 keys areas of human
6 and environmental health:

7 (1) sustainable site development;

8 (2) water savings;

9 (3) energy efficiency;

10 (4) material selection; and

11 (5) environmental quality.

12 Section 25. Energy audit training program. The Board, with
13 the assistance of the Governor's Office of Management and
14 Budget, shall institute an energy audit training program to
15 identify energy saving techniques for State-owned building
16 maintenance staff. Additional programs shall be developed to
17 educate State employees and other building occupants on energy
18 awareness and practices to reduce energy use in State-owned
19 buildings. Local government employees may be included in
20 training and educational programs.

21 Section 30. Life-cycle energy cost analyses. The Board
22 shall require persons submitting bids or plans for State-owned
23 buildings to be constructed or substantially renovated after
24 July 15, 2013, to include within those bids or plans life-cycle

1 energy cost analyses. The Board shall consider those life-cycle
2 cost analyses when evaluating competing bids or plans.

3 Section 35. Report on energy efficiency measures in State
4 government. The Board shall report on or before October 15,
5 2013, and on or before every October 15 thereafter to the
6 Legislative Research Unit and the Commission on Government
7 Forecasting and Accountability on progress made to maximize the
8 use of energy-efficiency measures in State government. The
9 Commission on Government Forecasting and Accountability shall
10 transmit the report to the Speaker of the House of
11 Representatives, the Minority Leader of the House of
12 Representatives, the President of the Senate, and the Minority
13 Leader of the Senate. The report shall include but not be
14 limited to:

15 (1) a summary of initiatives undertaken by the Board
16 during the reporting period to promote adoption of low
17 cost/no cost energy-efficiency measures, including
18 employee training efforts;

19 (2) a summary of energy-efficiency measures installed
20 and energy improvements made during the reporting period;

21 (3) energy consumption and expenditure data for
22 facilities owned or leased by State government and any
23 documented savings made as a result of energy-efficiency
24 measures and improvements;

25 (4) a status report on the number of buildings newly

1 constructed, renovated, or leased in accordance with the
2 high-performance building standards required under this
3 Act and the amount of savings realized based upon a
4 life-cycle cost analysis;

5 (5) any efforts made during the reporting period to
6 promote acquisition of energy-efficient products pursuant
7 to this Act and the amount of savings expected to be
8 realized in the first year of operation from the purchase
9 of ENERGY STAR-qualified products pursuant to this Act;

10 (6) any recommendations for future funding of energy
11 improvements or other measures needed to assure energy
12 efficiency in State government; and

13 (7) any improvements in energy efficiency planned or
14 realized through the use of ENERGY STAR-qualified products
15 and guaranteed energy savings performance contracts.

16 Section 40. Energy Efficiency in State Government
17 Buildings Fund.

18 (a) A special fund in the State treasury is hereby created
19 which shall be known as the Energy Efficiency in State
20 Government Buildings Fund. The Fund shall be used to provide
21 financial assistance to State government agencies for the
22 purposes of this Act. Notwithstanding any other law to the
23 contrary, the Energy Efficiency in State Government Buildings
24 Fund is not subject to sweeps, administrative charge-backs, or
25 any other fiscal or budgetary maneuver that would in any way

1 transfer any amounts from the Energy Efficiency in State
2 Government Buildings Fund into any other fund of the State.

3 (b) The Fund may receive State appropriations, gifts,
4 grants, and federal funds and shall include earnings from the
5 investment of moneys in the Fund.

6 (c) Administration of this Fund shall be the responsibility
7 of the Board. The Board shall establish terms and conditions
8 for the operation of the Fund including the application
9 process. The Board shall establish and implement fiscal
10 controls and accounting periods for projects that receive
11 financial assistance from the Fund.

12 Section 45. Administrative rules; energy savings
13 performance contracts.

14 (a) Each agency responsible for managing State-owned
15 property shall review the utility usage of the property and
16 shall cooperate with the Board to determine which properties
17 are good candidates for guaranteed energy savings performance
18 contracts. The responsible agency is encouraged to implement
19 guaranteed energy savings performance contracts where
20 appropriate.

21 (b) The Board may implement the provisions of this Act
22 through the promulgation of administrative rules pursuant to
23 the Illinois Administrative Procedure Act.

24 (c) The Director shall promulgate administrative rules in
25 accordance with the provisions of the Illinois Administrative

1 Procedure Act establishing a process for procurement of energy
2 savings performance contracts, including required contract
3 language. The following entities shall adhere to these
4 regulations when procuring services under a guaranteed energy
5 savings performance contract:

6 (1) any governing body of a university that manages its
7 own capital construction program; or

8 (2) any State agency that manages its own capital
9 construction program.

10 (d) All State agencies, including those identified in
11 subsection (c) of this Section, shall submit proposed
12 guaranteed energy savings performance contracts to the Board
13 for review and approval prior to contract execution.

14 (e) The Director shall report all authorized guaranteed
15 energy savings performance contracts to the Speaker of the
16 House of Representatives, the Minority Leader of the House of
17 Representatives, the President of the Senate, and the Minority
18 Leader of the Senate for its review.

19 Section 95. The State Finance Act is amended by adding
20 Section 5.811 as follows:

21 (30 ILCS 105/5.811 new)

22 Sec. 5.811. Energy Efficiency in State Government
23 Buildings Fund.

1 Section 100. The Illinois Procurement Code is amended by
2 changing Section 30-45 as follows:

3 (30 ILCS 500/30-45)

4 Sec. 30-45. Other Acts. This Article is subject to
5 applicable provisions of the following Acts:

6 (1) the Prevailing Wage Act;

7 (2) the Public Construction Bond Act;

8 (3) the Public Works Employment Discrimination Act;

9 (4) the Public Works Preference Act (repealed on June
10 16, 2010 by Public Act 96-929);

11 (5) the Employment of Illinois Workers on Public Works
12 Act;

13 (6) the Public Contract Fraud Act;

14 (7) the Illinois Construction Evaluation Act; ~~and~~

15 (8) the Project Labor Agreements Act; and ~~—~~

16 (9) the Energy Efficiency Program for State Government
17 Buildings Act.

18 (Source: P.A. 97-199, eff. 7-27-11; 97-333, eff. 8-12-11.)

19 Section 999. Effective date. This Act takes effect upon
20 becoming law.