

**VEIC (“SB323”) Study Review Committee
Chapter 13 - State Government Leading by Example
July 5, 2012**

Summary of Chapter Intent

The focus of chapter 13 is state government leading by example and the efforts currently in place to capture greater energy efficiency in the state’s 500 buildings and its 2600 vehicle fleet. The chapter also emphasizes the important role State Government can play in stimulating development of energy efficiency and sustainable energy markets in the state.

The chapter identifies several areas where further action should be taken by the State, including ensuring full implementation of Executive Order 2011-1¹; educating and informing the public about the activities and successes of the State’s energy efficiency efforts to date; and promoting residential efficiency opportunities to the more than 11,000 state employees². The State is also encouraged to leverage its substantial purchasing power to obtain favorable pricing for energy efficient equipment and services for both state and municipal operations, and to utilize the large volume of purchases to help transform the market. The study further recommends the State extend the allowable term for performance contracts beyond the current ten year term and, in the absence of ARRA funding, better utilize CORE energy funding for efficiency improvements in state buildings and operations.

Chapter Teams Findings

The reviewers agree with the recommendations in this chapter and have identified some specific actions beyond the recommendations noted above that are detailed in the *Areas for Further Consideration* section of this report. It should be noted that any of these recommendations would be more effectively and more quickly implemented with additional staff. Current state energy resources are already stretched extraordinarily thin.

Only one of the VEIC Study’s recommendations would have required legislative action, *Extend Maximum Performance Contract Terms*, and this was accomplished in the 2012 session through Senate Bill 252³, therefore no VEIC chapter recommendations trigger a need for legislative action. The remaining VEIC recommended actions are already under the purview of the Interagency Energy Efficiency Committee, the Dept. of Administrative Services, the State Energy Manager, or OEP which are tasked with their proper implementation by the state. Beyond a review in the future to ensure those recommendations have been acted upon, no further action would be required by the EESE board on the VEIC recommendations.

However, the review committee identified several additional recommendations that have been included in the *Areas for Further Consideration* may need review by the EESE board and/or legislative action. The specifics of the additional recommendations are discussed further in that section.

¹ Executive Order [2011-1](#), signed by Governor John Lynch, required the State of New Hampshire to reduce fossil-fuel use in its facilities by 25 percent over 2005 levels on a square foot basis by 2025, and for the State Energy Manager, and the IEEC to establish interim goals for 2015 and 2020.

² <http://www2.census.gov/govs/apes/10stnh.txt>

³ [NH Senate Bill 252](#) (2012 Session), signed into law on June 7, 2012.

Top Priorities for Early Action.

13.1 Achieve Full Implementation of Executive Order 2011-1;

While significant progress has been made on EO 2011-1, there are several areas that will require additional and on-going effort by the State. DAS and the IEEC are positioned to continue that work. IEEC should strive to better understand and communicate to agencies the financial options available to the State including self-funded agencies, that can minimize upfront capital outlays, and empower agencies to act quickly on energy improvements.

13.2 Educate and Inform the Public

By providing more information to the public, including municipalities, about the EE efforts that the State has undertaken and their financial and environmental benefits the State can build additional support for these actions within the general public and the NH General Court. Such support is necessary to achieve all of the recommendations of this chapter. The State should also continue to support efforts to inform the public regarding measures that can be utilized to manage their own energy consumption and costs.

13.3 Leverage State Government’s Purchasing Power

DAS currently goes out to bid on most state purchases, therefore is already leveraging the purchasing power of the state. Municipalities may participate in most statewide contracts, including vehicle purchases, but exempting electricity and natural gas contracts. The State should help to better educate and inform municipalities of the advantages of participating in the statewide contracts. The State should also communicate its efforts and celebrate its successes to the broader public, municipalities and businesses in order to demonstrate the benefits of energy management.

13.5 [Utilize] Extend[ed] Maximum Performance Contract Terms.

With the passage of SB 252 (2012 Session)⁴, the State, operating through the DAS, and with consideration by the IEEC, should move quickly to identify additional energy efficiency opportunities, as well as on site renewable energy generation that can either be paid for directly out of agency operating budgets, included in a performance contract, or master lease agreement, or realized through demand response funds or capital fund outlays for energy efficiency.

Priorities for Medium or Long-Term Action.

13.4 Promote Residential Efficiency to State Workers

While this recommendation is important, it does not rise to the same level as those called out above and therefore, due to staff limitations may have to wait for full implementation. Public education and outreach information developed for the general public should certainly be shared with state employees as well.

⁴ [NH Senate Bill 252](#) (2012 Session), signed into law on June 7, 2012.

Areas for Further Consideration

In order to more fully implement the recommendations in this chapter, the following additional considerations were identified by the review team. Following subsequent discussion of these items, some of these issues may rise to the level of “early priorities” while others may be determined to be lower priority or contingent upon other actions. To determine the importance of each area for consideration, the IEEC and affiliate agencies should consider these issues in the short-term.

1. The State should make additional staffing resources available to conduct expand energy management initiatives in state buildings through the use of energy efficiency and renewable energy to reduce energy consumption and avoid the associated tax-payer expenses. Current state energy-related staff resources are already stretched extraordinarily thin, and an increase in personnel in this area has the potential to save more tax-dollars than the cost of the associated salary & benefits. This could be a potential issue for the EESE Board to consider and make recommendations to the IEEC.
2. The State should make additional financial resources available for investment in energy efficiency in state buildings to reduce energy consumption and avoid the associated energy costs. While the extension of the allowable term for energy performance contracts is helpful, not all state energy projects are appropriate for energy performance contracts (EPC). To address this, state agencies should be supported in their efforts to identify energy saving opportunities and include them in their capital budget requests either as stand alone items or in conjunction with other capital requests (such as adding insulation when a wall or roof cavity is opened up for other work). Additionally, having flexibility in how energy efficiency funds are spent will allow the state to move quickly to implement current technologies and complete urgent items before the next budget cycle. **Legislative approval (budget) will be required.**
3. The State should consider changes to NH RSA 21-I:19-e to allow a portion/percentage of the energy-cost savings, which result from an energy-performance contract, a shared-savings contract, or the lease of energy-saving equipment or services, to be deposited into the State Energy Efficiency Fund (EEF). The cost savings to be considered would be available at the end of a contact or more likely, if the energy-cost savings exceed the payments for the equipment or services. Additionally, any energy-efficiency rebates that are issued to the state from utilities or other sources could be deposited into this account fur further investment in energy efficiency. **Legislative action required.**
4. State agencies should be encouraged to review their building maintenance budgets to ensure that sufficient resources, including human resources, are being utilized to prevent premature failure or decline in performance of heating and cooling equipment, distribution systems, air handlers, and the like. Proper maintenance throughout the life of equipment reduces the lifecycle cost (i.e., the total sum of capital, operating and maintenance costs) by avoiding declines in performance and more expensive and premature failures. This should be discussed by the IEEC.
5. The State should consider replacing its existing Enterprise Energy [Data] Management System, which is populated and maintained by state employees, with one of the many robust energy data services commonly used to manage building energy data and decision making by universities, states and counties, and municipalities across the country. Such deployment by the State, combined with automatic population of the database by electricity and gas utilities, could lead to more accurate data, more immediate

identification of energy management problems, spikes in energy use or demand, and prioritization of buildings for attention and financial resources.

6. Additional financial and human resources could be effectively utilized to further capture the energy efficiency potential that exists within state government operations. As is identified in the chapter, State Government is the single largest user of energy resources in the state, and concerted effort to capture potential opportunities could lead on its own to significant energy and cost savings. Highlighting this fact to the state legislature, the PUC, and the utilities efficiency program managers could help to focus interest in this sector.
7. The state DOT should be encouraged and supported in its effort to identify lighting projects to reduce energy consumption. This can include:
 - a. Identifying lights on state property throughout the state, including on state highways, that can be safely and permanently turned off with the poles removed;
 - b. Improving the energy efficiency of street lights, crossing signs and traffic signal by upgrading to the most current LED and high-pressure sodium lighting; and
 - c. Utilizing the “midnight outdoor light rate⁵” that allow lights to be turned off during specific hours of the night when they are least needed.

Background

The State of NH, as noted in the VEIC Study, has “demonstrated a strong commitment to energy efficiency and sustainable energy in numerous and diverse ways” including recent Executive Orders⁶, legislative initiatives⁷, the Climate Action Plan, the leadership provided by the Interagency Energy Efficiency Committee, the continued existence of the Office of State Energy Manager.

In terms of actual investment, the authors cite the State’s experience with performance contracting, utilization of over \$13 million in ARRA funds for energy efficiency and renewable projects for both state and higher education building improvements, bulk power and gas purchase agreements containing a minimum renewable energy requirement, as well as participation in the region’s demand response program as evidence of the state’s commitment to energy efficiency.

The State EEF, established through NH RSA 21-I:19-f, currently only contains funds received by the state for participating in demand response programs through ISO-NE. Moneys in the fund are non-lapsing and continually appropriated to the division of plant and property management to be used exclusively to fund energy efficiency projects and energy efficiency contracts, and to reimburse state agencies for demand response program expenses.

Aside from one-time fund awards, such as ARRA, and the modest energy efficiency fund generated through participation in the demand response program, the State is held to completing energy efficiency projects with capital budget appropriations or through a performance contract. Due to the lengthy approval process for the capital budget and the nature of the performance contract process, it is very difficult to complete projects in a timely

⁵ PSNH’s Midnight Outdoor Light Rate - [FAQs](#).

⁶ Executive Orders [2005-4](#) & [2011-1](#) signed by Governor John Lynch.

⁷ During the 2010 Legislative Session, [Senate Bill 73](#) was passed and requires that the NH state government: reduce energy use per square foot in state buildings by 25% below a 2005 baseline by 2025; develop an energy conservation plan; and to make an annual report on the state’s energy consumption.

manner. Once effective projects are identified, it makes sense to implement them right away to recognize the energy savings as soon as possible.

Recent Efforts

- Private sector initiative, with support by state agencies (e.g., DES, OEP), led to the introduction and passage of a law this past legislative session that increased the performance contract term from 10 to 20 years⁸.
- With support and involvement of several state agencies, the Office of Energy and Planning commissioned a feasibility study in the fall of 2011 to investigate the opportunity for cost-effective renewable energy and energy efficiency in state owned facilities; the results of the study will be made available in July, 2012.

Preliminary results show significant opportunity for the state to immediately realize both energy and cost savings through energy efficiency improvements at specific sites that were selected for study.

⁸ [NH Senate Bill 252](#) (2012 Session), signed into law on June 7, 2012.