
OLR Bill Analysis

sSB 961 (File 240, as amended by Senate "A")*

AN ACT CONCERNING CARBON-FREE SCHOOL REQUIREMENTS FOR NEW SCHOOL CONSTRUCTION AND ESTABLISHING OTHER SCHOOL CONSTRUCTION AND PUBLIC HEALTH REQUIREMENTS FOR SCHOOL DISTRICTS.

SUMMARY

This bill requires the Connecticut Green Bank, by July 1, 2024, to establish (1) a low-interest financing program for solar power systems installation and energy efficiency improvements at public schools opting to participate and (2) an associated fund for this purpose (the “Public Schools Solar Power Systems and Energy Efficiency Projects Financing Program” and “Public Schools Solar Power Systems and Energy Efficiency Financing Fund,” respectively).

The bill requires public school districts seeking program financing for solar power system or energy efficiency projects to first commission feasibility studies to determine the cost-effectiveness of the improvements. The Green Bank must do the solar power studies and utilities must conduct the energy efficiency studies.

Under the bill, the Green Bank’s fund to provide this financing is capitalized with (1) revenue bonds it issues that are backed by revenues from solar power systems and energy efficiency or renewable energy projects for public school districts in the state with a targeted investment of \$400 million and (2) \$25 million from bonds issued by the state or capital funds. Of this initial funding, 60% must be allotted to school districts serving environmental justice communities.

The bill correspondingly expands the Green Bank’s authority and responsibilities to, among other things, administer the financing program and related fund, supervise the feasibility studies, evaluate the program, and hire certain experts to fulfill its new role. Under the bill,

school districts receiving program financing must measure and report annually on energy consumption, solar generation, and greenhouse gas (GHG) emissions.

*Senate Amendment “A” strikes the underlying bill, which generally (1) would have required public school building construction, replacement, and extensions to be “zero-net energy” and would have established a funding mechanism to provide associated loans through the Green Bank and (2) included separate requirements for public schools such as including climate change impacts in real property asset assessment and management, school classroom temperatures, school kitchen dishwashers, lead testing and remediation, and motor vehicle idling signage.

EFFECTIVE DATE: Upon passage

PUBLIC SCHOOLS SOLAR POWER SYSTEMS AND ENERGY EFFICIENCY PROJECTS FINANCING PROGRAM

The bill requires the Connecticut Green Bank to establish a “Public Schools Solar Power Systems and Energy Efficiency Projects Financing Program” by July 1, 2024, to provide financing to public school districts that voluntarily install solar power systems and energy efficiency improvements in conjunction with the construction, replacement, renovation, or extension of a public school building. To do this, it requires the Green Bank to designate a committee by December 31, 2023, to oversee the program’s creation.

Under the bill, the financing is low-interest and for projects that yield energy cost savings. “Financing” means funding or investment that includes things like energy services agreements, loans, leases, or power purchase agreements. The bill aims to provide \$400 million for the program financing (see below).

Under the bill, program financing must be for a fixed period and may be used to satisfy non-federal match requirements for federal grants. The bill additionally requires that school districts be able to keep, to the greatest extent possible, any energy cost savings achieved from undertaking new solar power system projects or energy efficiency

improvements.

The bill requires superintendents participating in this program to prioritize projects by GHG emission reductions and cost-effectiveness, undertaking the project that offers the best combination of the two factors first. (However, a separate provision allows, rather than requires, them to do this.)

Eligible Projects & Costs

Under the bill, program-eligible projects include things like the following:

1. installing on-site Class I renewable energy sources (e.g., solar or wind), energy efficient lighting or building control upgrades, insulation or building envelope upgrades;
2. making heating, ventilation, and air conditioning repairs or replacements;
3. planting and maintaining native shade tree species that reduce energy consumption; and
4. renovating for strategic daylighting.

Eligible program costs include the reasonable costs to construct, alter, or renovate public school buildings; associated site preparation and development; site or building equipment and furnishing; architectural, engineering, or construction management charges; commissioning of building systems and training staff to maintain them; and associated ordinary and reasonable legal fees.

Feasibility Studies

Solar Power. The bill requires each school district seeking program financing for a solar power system project to first commission a solar power feasibility study for the building involved that is performed by the Green Bank. The Green Bank must perform these studies starting July 1, 2024.

Under the bill, this feasibility study is a report determining whether

a proposed solar power system is cost-effective (i.e., the savings from an improvement equal or exceed the improvement's initial cost over its useful life). The study may consider the costs to repair, upgrade, or replace a building's roof as part of the determination. It must (1) be done by a trained and certified energy professional (i.e., a "qualified professional") who estimates the costs, savings, and GHG emissions reductions for a solar power system on a building's available rooftops, parking lots, and other areas and (2) include a financial plan with funding sources and uses, including federal incentives.

If a proposed solar power system is determined to be cost effective, the superintendent may secure the relevant permits and contracts for it.

If the feasibility study determines that a solar power system is not cost-effective because of roof repair, upgrade, or replacement costs, the bill (1) allows the superintendent to make a good faith effort to ensure that the building's next scheduled roof replacement or major roof repair project will allow the roof to support a solar power system and (2) requires the school district to determine whether the replacement or repair will allow for the system. And when it is determined that a roof can support a system, the bill allows the superintendent to have it installed under the bill's program within two years after this determination.

Energy Efficiency. The bill lays out a process for energy efficiency projects similar to its process for determining if solar power projects are feasible and for pursuing those projects.

Under the bill, a public school district seeking financing for an energy efficiency project must work with an applicable energy or natural gas utility provider to conduct an energy efficiency feasibility study for the building involved and submit the study results to the Green Bank. An "energy efficiency feasibility study" is a report created by a qualified professional (see *Solar Power*, above) that (1) includes a financial plan with funding sources and uses, including federal incentives and (2) estimates costs, savings, and GHG emissions reductions for energy efficiency improvements identified in an energy audit (i.e., an

inspection or survey of a building's energy systems and an analysis of current energy consumption and production).

The bill requires the energy audit to also identify opportunities for improvements that would yield energy cost savings and GHG emissions reductions. It must be performed by the electric distribution company (EDC) (i.e., Eversource or United Illuminating) or natural gas utility, as applicable, for the school district or by an independent contractor if the district is not serviced by an EDC.

If a feasibility study determines that energy efficiency improvements are cost-effective, the bill allows the superintendent to begin making the improvements and put them in service.

However, if improvements will only be cost-effective when older equipment is replaced at the end of its useful life, the bill allows the superintendent to arrange for the equipment's replacement with energy-efficient equipment when the older equipment no longer works. Superintendents may monitor conditions and expiration dates of the older equipment and make the necessary preparations to replace it when it expires or breaks down, including to upgrade circuit panels to allow for the installation of a heat pump.

The bill exempts from these requirements replacements done on an emergency basis and for cases of financial hardship.

Program Funding

The bill allocates program funding as follows:

1. 40% of the initial funding must be for all school districts in the state and allotted according to a Connecticut Green Bank-determined formula, which must consider need determined by any solar power or energy efficiency feasibility study;
2. 60% of the program's initial funding must be allocated competitively for school districts in environmental justice communities (see BACKGROUND); and

3. after the program's third year operating, any amount that has not been contractually allocated must be awarded competitively.

If the fund has insufficient funds, the bill prohibits the authorization of projects under the program.

Labor Costs

Under the bill, each financing program recipient must pay construction employees hired for the funded school improvements wages and benefits that are at least equal to the state's prevailing wage and fringe benefit rates for the corresponding classification in which they are employed.

Apprentice and Workforce Development Requirement

The bill requires that the contractors hired for a project receiving program financing be enrolled in an apprenticeship program registered with the federal Department of Labor (U.S. DOL) or a federally recognized state apprenticeship agency. They must also partner with a workforce development program in which the following individuals are given opportunities for skill development that will enable them to qualify for higher paying jobs: (1) employees who are residents of the same municipality as the school project and (2) individuals with employment barriers such as those traditionally underrepresented in the relevant job.

A "workforce development program" under the bill is an apprenticeship program registered with the U.S. Department of Labor or a federally recognized state agency that actively trains employees, has functioning training facilities, and regularly graduates apprentices to journeyman status who are placed in jobs or pre-apprenticeship training.

PUBLIC SCHOOLS SOLAR POWER SYSTEMS AND ENERGY EFFICIENCY FINANCING FUND

The bill establishes a "Public Schools Solar Power Systems and Energy Efficiency Financing Fund" within the Connecticut Green Bank to provide public schools with financing for projects authorized under

the bill. It capitalizes the fund with (1) revenue bonds issued by the Green Bank and backed by revenues from solar power systems and energy efficiency or renewable energy projects for public school districts in the state with a targeted investment of \$400 million and (2) \$25 million from bonds issued by the state or capital funds.

Under the bill, \$400 million must be used for the Solar Power Systems and Energy Efficiency Projects Financing Program the bill establishes, and \$25 million must be allocated to the Green Bank for feasibility study grants, program oversight, public education, school district official training, and technical assistance for project development. The bill specifies that these funds supplement and do not replace other funding for school districts to construct school facility improvements.

Under the bill, this fund consists of any funds required to be deposited into it (e.g., appropriated funds, repayment of all loans related to financing made from the fund, fund investment gains, and donations or gifts). After 30 years, the fund's unspent balance of the \$25 million from state bonds or capital funds reverts to the General Fund.

NEW GREEN BANK RESPONSIBILITIES

The bill correspondingly expands the Connecticut Green Bank's authority and responsibilities by requiring it to do the following:

1. supervise giving technical assistance to school districts seeking to develop solar power systems and energy efficiency projects under the bill's provisions;
2. supervise technical assistance, project development, public education, and training for public school district officials who are involved in developing solar power systems and energy efficiency projects;
3. administer the bill's new Public Schools Solar Power Systems and Energy Efficiency Projects Financing Program and associated fund (see above);
4. supervise solar power and energy efficiency feasibility studies

- performed under the bill's provisions;
5. evaluate the program's success and recommend improvements to it; and
 6. employ a staff of engineers, policy analysts, financial experts, and community liaisons, or other experts needed to perform its responsibilities.

ANNUAL SCHOOL DISTRICT REPORTING

Under the bill, each public school district receiving program financing must annually measure and report to the Connecticut Green Bank on its energy consumption, solar generation, and subsequent GHG emissions using Energy Star Portfolio Manager or an equivalent platform. The Green Bank must then make this data publicly available online.

The bill also requires each superintendent to publish an annual report on the state of any solar power system or energy efficiency project in the school district that is funded under the program. It allows any consumer, employee, or taxpayer of the state (e.g., labor unions) to request a report on the state of the solar power systems and energy efficiency projects in a public school building from the superintendent, which must be published in a report within 30 days after the request.

BACKGROUND

Environmental Justice Communities

By law, an "environmental justice community" is (a) any U.S. census block group, as determined by the most recent census, for which at least 30% of the population consists of low-income people who are not institutionalized and have an income below 200% of the federal poverty level or (b) a distressed municipality (CGS § 22a-20a).

The Department of Economic and Community Development annually designates distressed municipalities, based on high unemployment and poverty, aging housing stock, and low or declining rates of job, population, and per capita income growth (CGS § 32-9p). The current listed (2022) distressed municipalities are Ansonia,

Bridgeport, Bristol, Chaplin, Derby, East Hartford, East Haven, Griswold, Groton, Hartford, Meriden, Montville, New Britain, New London, North Stonington, Norwich, Plainfield, Putnam, Sprague, Sterling, Torrington, Waterbury, West Haven, Winchester, and Windham.

Towns with current applicable census blocks (that are not also distressed municipalities) are Bethel, Bloomfield, Branford, Brooklyn, Canaan, Clinton, Columbia, Coventry, Cromwell, Danbury, East Haddam, East Lyme, East Windsor, Ellington, Enfield, Essex, Fairfield, Farmington, Glastonbury, Greenwich, Haddam, Hamden, Killingly, Ledyard, Lisbon, Manchester, Mansfield, Middletown, Milford, Naugatuck, New Fairfield, New Haven, New Milford, Newington, North Canaan, Norwalk, Plainville, Portland, Preston, Ridgefield, Rocky Hill, Sharon, Shelton, Simsbury, Southington, Stafford, Stamford, Stonington, Stratford, Thomaston, Thompson, Vernon, Wallingford, Waterford, Watertown, West Hartford, Wethersfield, Willington, Windsor Locks, and Windsor.

COMMITTEE ACTION

Environment Committee

Joint Favorable Substitute

Yea 22 Nay 10 (03/10/2023)

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 34 Nay 17 (05/08/2023)