

SB0188S02 compared with SB0188S01

~~text~~ shows text that was in SB0188S01 but was deleted in SB0188S02.

text shows text that was not in SB0188S01 but was inserted into SB0188S02.

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Senator Kirk A. Cullimore proposes the following substitute bill:

ENERGY EFFICIENCY AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kirk A. Cullimore

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to encouraging energy efficiency and related air quality effects.

Highlighted Provisions:

This bill:

- ▶ expands the Clean Fuels and Vehicle Technology Program to be the Clean Fuels and Emission Reduction Technology Program;
- ▶ expands low-income assistance programs related to customers of an electrical corporation or gas corporation; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

SB0188S02 compared with SB0188S01

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

19-1-402, as last amended by Laws of Utah 2014, Chapter 295

19-1-403, as last amended by Laws of Utah 2016, Chapter 369

19-1-404, as last amended by Laws of Utah 2020, Chapter 354

54-7-13.6, as last amended by Laws of Utah 2012, Chapter 212

63A-3-205, as last amended by Laws of Utah 2017, Chapters 56 and 345

63B-1b-102, as last amended by Laws of Utah 2019, Chapter 479

REPEALS:

19-1-401, as last amended by Laws of Utah 2006, Chapter 136

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **19-1-402** is amended to read:

Part 4. Clean Fuels and Emission Reduction Technology Program Act

19-1-402. Definitions.

As used in this part:

(1) "Air barrier system" means air barrier material, a system, or an assembly that is specifically and primarily designed to minimize the passage of air through the building thermal envelope and the assemblies when installed in or on a dwelling.

~~(1)~~ (2) "Clean fuel" means:

- (a) propane, natural gas, renewable natural gas, hydrogen, or electricity; or
- (b) other fuel that meets the clean fuel vehicle standards in the federal Clean Air Act

Amendments of 1990, 42 U.S.C. Sec. 7521 et seq.

~~(2)~~ (3) (a) "Clean vehicle" means a vehicle that:

~~(a)~~ (i) uses a clean fuel; ~~[or]~~

~~(b)~~ (ii) is an electric-hybrid vehicle~~[-];~~ or

(iii) is an electric vehicle.

(b) "Clean vehicle" may include heavy duty equipment, such as:

(i) a tractor;

SB0188S02 compared with SB0188S01

(ii) earth-moving equipment;

(iii) an off-highway vehicle; or

(iv) other equipment approved by the director of the Division of Air Quality.

(4) "Dwelling" means a house, multi-family dwelling, apartment complex, or other residential type building.

~~[(3)]~~ (5) "Electric-hybrid vehicle" means a vehicle:

(a) primarily powered by an electric motor that draws current from:

(i) rechargeable storage batteries;

(ii) fuel cells; or

(iii) other sources of electric current; and

(b) that also operates on or is capable of operating on a nonelectrical source of power.

(6) "Electric vehicle" means a vehicle powered by an electric motor that draws current from rechargeable storage batteries, fuel cells, or other sources of electric current and does not need carbon based fuel for operation.

(7) "Energy-efficient building envelope improvements" means an insulation and air barrier system that meets the prescriptive criteria for insulation and air barrier systems established by the 2021 International Energy Conservation Code.

~~[(4)]~~ (8) "Fund" means the Clean Fuels and ~~[Vehicle]~~ Emission Reduction Technology Fund created in Section 19-1-403.

~~[(5)]~~ (9) (a) "Government vehicle" means a motor vehicle:

(i) registered in Utah; and

(ii) owned and operated by:

(A) the state;

(B) a public trust authority;

(C) a school district;

(D) a county; or

(E) a municipality.

(b) "Government vehicle" includes a metropolitan rapid transit motor vehicle, bus, truck, law enforcement vehicle, or emergency vehicle.

~~[(6)]~~ (10) "Incremental cost" means the difference between the cost of ~~[the]~~ an OEM vehicle and the same vehicle model manufactured without the clean fuel fueling system.

SB0188S02 compared with SB0188S01

(11) "Insulation" means a material or system that is specifically and primarily designed to reduce the heat loss or gain of a dwelling unit when installed in or on the dwelling unit.

~~(7)~~ (12) "OEM vehicle" means a vehicle manufactured by the original vehicle manufacturer or [its] the manufacturer's contractor as a clean vehicle.

~~(8)~~ (13) "Private sector business vehicle" means a motor vehicle registered in Utah that is owned and operated solely in the conduct of a private business enterprise.

(14) "Qualified energy-efficient residential dwelling" means a dwelling with an energy efficiency rating determined by the department by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

~~(9)~~ (15) "Refueling equipment" means:

(a) compressors when used separately[;];

(b) compressors used in combination with cascade tanks[~~;~~and];

(c) other equipment that constitute a central refueling system capable of dispensing vehicle fuel[;]; and

(d) electric charging stations and equipment.

Section 2. Section **19-1-403** is amended to read:

19-1-403. Clean Fuels and Emission Reduction Technology Program -- Contents

-- Loans or grants made with fund money.

(1) (a) There is created a revolving fund known as the Clean Fuels and ~~[Vehicle]~~ Emission Reduction Technology Fund.

(b) The fund consists of:

(i) appropriations to the fund;

(ii) other public and private contributions made under Subsection (1)(c);

(iii) interest earnings on cash balances; and

(iv) ~~[all]~~ money collected for loan repayments and interest on loans.

(c) The department may accept contributions from other public and private sources for deposit into the fund.

(2) The department may accept federal money, including from the Infrastructure Investment and Jobs Act, P.L. 117-58, toward making:

(a) a loan or grant for the cost of a new clean vehicle or refueling equipment; or

(b) a grant for:

SB0188S02 compared with SB0188S01

(i) the installation of energy-efficient building envelope improvements at a dwelling; or

(ii) construction of a qualified energy-efficient residential dwelling.

[(2)] (3) (a) The department may make a loan or a grant:

(i) with money available in the fund for:

[(+)] (A) the conversion of a private sector business vehicle [or], a government vehicle, or a fleet of private sector business vehicles or government vehicles to use a clean fuel, if certified by the Air Quality Board under Subsection 19-1-405(1)(a); or

[(ii)] (B) the purchase of [an OEM vehicle] ~~{an electric-hybrid vehicle, an electric vehicle, or a fleet of electric-hybrid vehicles or electric vehicles}~~ a clean vehicle for use as a private sector business vehicle [or], a government vehicle[-], or a fleet of private sector business vehicles or government vehicles; and

(ii) with federal money available under Subsection (2) for the cost of a new ~~{electric}~~ clean vehicle or clean vehicle refueling equipment.

(b) The amount of a loan for any vehicle under Subsection [(2)] (3)(a) may not exceed:

(i) the actual cost of the vehicle conversion;

(ii) the incremental cost of purchasing the [OEM ~~{ vehicle} electric-hybrid vehicle, electric vehicle, or fleet of electric-hybrid vehicles or electric vehicles}] clean vehicle; or~~

(iii) the cost of purchasing the [OEM] clean vehicle ~~{ electric-hybrid vehicle, electric vehicle, or fleet of electric-hybrid vehicles or electric vehicles}~~ if there is no documented incremental cost.

(c) The amount of a grant for any vehicle under Subsection [(2)] (3)(a) may not exceed:

(i) 50% of the actual cost of the vehicle conversion for the vehicle for which a grant is requested; or

(ii) [50%] 100% of the [incremental] cost of purchasing [an OEM] the vehicle for the vehicle for which a grant is requested.

(d) (i) Subject to the availability of money in the fund or the federal money described in Subsection (2), the department may make a loan or grant for the purchase of [vehicle] refueling equipment for a private sector business vehicle [or], a government vehicle, or a fleet of private sector business vehicles or government vehicles.

(ii) The maximum amount loaned or granted per installation of refueling equipment may not exceed the actual cost of the refueling equipment.

SB0188S02 compared with SB0188S01

~~[(3)]~~ (4) The department may:

(a) establish an application fee for a loan or grant ~~[from the fund]~~ under this section by following ~~[the procedures and requirements of]~~ Section 63J-1-504; and

(b) reimburse itself for the costs incurred in administering the fund and federal money described in Subsection (2) from:

(i) the fund; or

(ii) application fees established under Subsection ~~[(3)]~~ (4)(a).

~~[(4) (a) The fund balance may not exceed \$10,000,000.]~~

~~[(b) Interest on cash balances and repayment of loans in excess of the amount necessary to maintain the fund balance at \$10,000,000 shall be deposited in the General Fund.]~~

(5) (a) ~~[Loans]~~ A loan made from money in the fund or federal money described in Subsection (2) shall be supported by loan documents evidencing the intent of the borrower to repay the loan.

(b) The original loan documents described in this Subsection (5) shall be filed with the Division of Finance and a copy shall be filed with the department.

(6) (a) The department may make grants to a person or government agency from the fund for the following:

(i) installation of energy-efficient building envelope improvements at a dwelling; and

(ii) construction of a qualified energy-efficient residential dwelling.

(b) The size of a grant under this Subsection (6) shall be commensurate with the square footage of a dwelling, but may not exceed \$5,000 per dwelling.

(c) The department shall determine grant allocation under this Subsection (6).

(d) The department may not issue a loan from the fund for the purposes outlined in Subsection (6)(a).

Section 3. Section **19-1-404** is amended to read:

19-1-404. Department duties -- Rulemaking -- Loan repayment.

(1) The department shall:

(a) administer the fund created in Section 19-1-403 and the federal money described in Subsection 19-1-403(2) to encourage ~~[government officials and private sector business vehicle owners and operators to obtain and use clean fuel vehicles]~~ emission reductions through energy efficient building practices and the use and acquisition of clean vehicles; and

SB0188S02 compared with SB0188S01

(b) [~~by following the procedures and requirements of~~ make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act~~[-, make rules]~~]:

(i) specifying the amount of money in the fund and federal money to be dedicated annually for grants;

(ii) limiting the number of motor vehicles per fleet operator that may be eligible for a grant in a year;

(iii) specifying criteria the department shall consider in prioritizing and awarding loans and grants;

(iv) specifying repayment periods;

(v) specifying procedures for:

(A) awarding loans and grants; and

(B) collecting loans; and

(vi) requiring [~~all~~] loan and grant applicants to:

(A) apply on forms provided by the department;

(B) if the loan or grant is for a clean vehicle, agree in writing to use the clean fuel for which each clean vehicle is converted or purchased using loan or grant proceeds for a minimum of 70% of the vehicle miles traveled beginning from the time of conversion or purchase of the clean vehicle;

(C) if the loan or grant is for a clean vehicle, agree in writing to notify the department if a clean vehicle converted or purchased using loan or grant proceeds becomes inoperable through mechanical failure or accident and to pursue a remedy outlined in department rules;

(D) if the loan or grant is for a clean vehicle, provide reasonable data to the department on a clean vehicle converted or purchased with loan or grant proceeds; and

(E) if the loan or grant is for a clean vehicle, submit a clean vehicle converted or purchased with loan or grant proceeds to inspections by the department as required in department rules and as necessary for administration of the loan and grant program.

(2) (a) When developing repayment schedules for the loans, the department shall consider the projected savings from use of the clean vehicle.

(b) A repayment schedule may not exceed 10 years.

(c) The department shall make a loan from the fund or federal money described in Subsection 19-1-403(2) for a private sector business vehicle at an interest rate equal to the

SB0188S02 compared with SB0188S01

annual return earned in the state treasurer's Public Treasurer's Pool as determined the month immediately preceding the closing date of the loan.

(d) The department shall make a loan from the fund or federal money described in Subsection 19-1-403(2) for a government vehicle with no interest rate.

(3) The Division of Finance shall:

(a) collect and account for the loans; and

(b) have custody of ~~[aH]~~ the loan documents, including ~~[aH]~~ notes and contracts, evidencing the indebtedness of the fund or federal money described in Subsection 19-1-403(2).

Section 4. Section **54-7-13.6** is amended to read:

54-7-13.6. Low-income assistance program.

(1) As used in this section~~[-"eligible"]~~:

(a) "Eligible customer" means an electrical corporation or a gas corporation customer:

~~[(a)]~~ (i) that earns no more than:

~~[(+)]~~ (A) 125% of the federal poverty level for bill payment assistance or 200% of the federal poverty level for any other low-income assistance; or

~~[(+)]~~ (B) another percentage of the federal poverty level as determined by the commission by order; and

~~[(b)]~~ (ii) whose eligibility is certified by the Utah Department of Workforce Services.

(b) "Low-income assistance" means:

(i) bill payment assistance;

(ii) replacement of an appliance with a more efficient ~~for lower emitting~~ appliance;

(iii) replacement of a wood burning appliance or wood burning fireplace with an efficient ~~for low emitting~~ appliance; or

(iv) other energy efficient improvement to an eligible customer's residence.

(2) A customer's income eligibility for the program described in this section shall be renewed annually.

(3) An eligible customer may not receive low-income assistance at more than one residential location at any one time.

(4) Notwithstanding Section 54-3-8, the commission may approve a low-income assistance program to provide ~~[bill payment]~~ low-income assistance to ~~[low-income]~~ an eligible customer who is a residential [customers] customer of:

SB0188S02 compared with SB0188S01

- (a) an electrical corporation with more than 50,000 customers; or
- (b) a gas corporation with more than 50,000 customers.

(5) (a) (i) Subject to Subsection (5)(a)(ii), low-income assistance program funding from each rate class may be in an amount determined by the commission.

(ii) Low-income assistance program funding described in Subsection (5)(a)(i) may not exceed 0.5% of the rate class's retail revenues.

(iii) An electrical corporation or gas corporation may use low-income assistance program funding to pay:

(A) administrative costs associated with the electrical corporation's or gas corporation's program; or

(B) contractor or employee costs incurred in implementing or installing a measure described in Subsections (1)(b)(ii) through (iv).

(b) (i) Low-income assistance program funding [~~for bill payment assistance~~] shall be provided through a surcharge on the monthly bill of each Utah retail customer of the electrical corporation or gas corporation providing the low-income assistance program.

(ii) The surcharge described in Subsection (5)(b)(i) may not be collected from [~~customers currently participating in the low-income assistance program~~] a customer who is receiving bill payment assistance.

(c) (i) Subject to Subsection (5)(c)(ii), the monthly surcharge described in Subsection (5)(b)(i) shall be calculated as an equal percentage of revenues from all rate schedules.

(ii) The monthly surcharge described in Subsection (5)(b)(i) may not exceed \$50 per month for any customer, adjusted periodically as the commission determines appropriate for inflation.

(6) (a) An eligible customer shall receive low-income assistance in the form of one or more of the following:

(i) a billing credit on the monthly electric or gas bill for the customer's residence[-];

(ii) replacement of an appliance with a more efficient ~~for lower emitting~~ appliance;

(iii) replacement of a wood burning appliance or wood burning fireplace with an efficient ~~for low emitting~~ appliance; or

(iv) other energy efficiency improvement to the eligible customer's residence.

(b) The [~~amount of the billing credit~~] allocation of low-income assistance to an eligible

SB0188S02 compared with SB0188S01

customer, as described in Subsection (6)(a), shall be determined by the commission based on:

- (i) the projected funding of the low-income assistance program;
- (ii) the projected customer participation in the low-income assistance program; and
- (iii) other factors that the commission determines relevant.

(c) The [~~monthly billing credit and the monthly surcharge~~] low-income assistance funding level shall be adjusted concurrently with the final order in a general rate increase or decrease case under Section 54-7-12 for the electrical corporation or gas corporation providing the program or as determined by the commission.

Section 5. Section **63A-3-205** is amended to read:

63A-3-205. Revolving loan funds -- Standards and procedures.

(1) As used in this section, "revolving loan fund" means:

(a) the Water Resources Conservation and Development Fund, created in Section 73-10-24;

(b) the Water Resources Construction Fund, created in Section 73-10-8;

(c) the Water Resources Cities Water Loan Fund, created in Section 73-10-22;

(d) the Clean Fuel Conversion Funds, created in Title 19, Chapter 1, Part 4, Clean Fuels and [~~Vehicle~~] Emission Reduction Technology Program Act;

(e) the Water Development Security Fund and its subaccounts, created in Section 73-10c-5;

(f) the Agriculture Resource Development Fund, created in Section 4-18-106;

(g) the Utah Rural Rehabilitation Fund, created in Section 4-19-105;

(h) the Permanent Community Impact Fund, created in Section 35A-8-303;

(i) the Petroleum Storage Tank Trust Fund, created in Section 19-6-409;

(j) the Uintah Basin Revitalization Fund, created in Section 35A-8-1602;

(k) the Navajo Revitalization Fund, created in Section 35A-8-1704; and

(l) the Energy Efficiency Fund, created in Section 11-45-201.

(2) The division shall for each revolving loan fund make rules establishing standards and procedures governing:

(a) payment schedules and due dates;

(b) interest rate effective dates;

(c) loan documentation requirements; and

SB0188S02 compared with SB0188S01

(d) interest rate calculation requirements.

Section 6. Section **63B-1b-102** is amended to read:

63B-1b-102. Definitions.

As used in this chapter:

(1) "Agency bonds" means any bond, note, contract, or other evidence of indebtedness representing loans or grants made by an authorizing agency.

(2) "Authorized official" means the state treasurer or other person authorized by a bond document to perform the required action.

(3) "Authorizing agency" means the board, person, or unit with legal responsibility for administering and managing revolving loan funds.

(4) "Bond document" means:

(a) a resolution of the commission; or

(b) an indenture or other similar document authorized by the commission that authorizes and secures outstanding revenue bonds from time to time.

(5) "Commission" means the State Bonding Commission, created in Section 63B-1-201.

(6) "Revenue bonds" means any special fund revenue bonds issued under this chapter.

(7) "Revolving Loan Funds" means:

(a) the Water Resources Conservation and Development Fund, created in Section 73-10-24;

(b) the Water Resources Construction Fund, created in Section 73-10-8;

(c) the Water Resources Cities Water Loan Fund, created in Section 73-10-22;

(d) the Clean Fuel Conversion Funds, created in Title 19, Chapter 1, Part 4, Clean Fuels and ~~Vehicle~~ Emission Reduction Technology Program Act;

(e) the Water Development Security Fund and its subaccounts, created in Section 73-10c-5;

(f) the Agriculture Resource Development Fund, created in Section 4-18-106;

(g) the Utah Rural Rehabilitation Fund, created in Section 4-19-105;

(h) the Permanent Community Impact Fund, created in Section 35A-8-303;

(i) the Petroleum Storage Tank Trust Fund, created in Section 19-6-409; and

(j) the State Infrastructure Bank Fund, created in Section 72-2-202.

SB0188S02 compared with SB0188S01

~~{ Section 7. **Effective date.**~~

~~— This bill takes effect on July 1, 2022.~~

+ Section ~~{8}~~7. **Repealer.**

This bill repeals:

Section **19-1-401**, Title.

Section 8. Effective date.

This bill takes effect on July 1, 2022.