

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 482

A bill to amend 1976 PA 451, entitled  
"The revised school code,"  
by amending section 1274a (MCL 380.1274a), as amended by 1990 PA  
227.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1274a. (1) The board of a school district,  
2 intermediate school district, or local act school district may  
3 ~~provide~~ **contract with a qualified provider** for energy  
4 conservation improvements ~~to be made~~ to school facilities. ~~and~~  
5 ~~may pay for the improvements~~ **These improvements may be paid** from  
6 operating funds of the school district or from the proceeds of  
7 bonds or notes issued for energy conservation improvements, or  
8 **the board or intermediate school board** may enter into **1 or more**  
9 **energy saving performance** contracts. ~~in which the cost of the~~  
10 ~~energy conservation improvements is paid from a portion of the~~

1 ~~savings which result from the improvements. These contractual~~  
2 ~~agreements may provide~~ **contracts may contain a written financial**  
3 **guarantee providing** that the costs of improvements will be paid  
4 only if the energy savings are sufficient to cover them. Energy  
5 conservation improvements may include, but are not limited to,  
6 ~~heating system improvements, fenestration improvements, roof~~  
7 ~~improvements, the installation of any insulation, the~~  
8 ~~installation or repair of heating or air conditioning controls,~~  
9 ~~and entrance or exit way closures~~ **building envelope**  
10 **improvements; heating and cooling upgrades; lighting retrofits;**  
11 **installing or upgrading an energy management system; motor, pump,**  
12 **or fan replacements; domestic water use reductions; and upgrading**  
13 **other energy consuming equipment or appliances.**

14 (2) A school board or intermediate school board that  
15 contracts for energy conservation improvements under subsection  
16 (1) may require the qualified provider to furnish a bond that  
17 guarantees energy cost savings for a specified period of time.

18 (3) If a school board or intermediate school board enters  
19 into an energy saving performance contract under this section,  
20 all of the following apply:

21 (a) The bids for the contract shall provide a detailed  
22 breakdown of the energy performance savings to be derived each  
23 year and for the duration of the energy saving performance  
24 contract, including at least all of the following:

25 (i) A description of the guaranteed energy use savings and  
26 tasks to be performed under the energy saving performance  
27 contract.

## Senate Bill No. 482 (H-1) as amended December 10, 2003

1           (ii) The combined total net cost of all of the energy  
2 conservation measures in the project.

3           (iii) The projected energy savings and operating and  
4 maintenance cost savings resulting from the project.

5           (iv) The useful life of each energy conservation measure.

6           (v) The simple payback period.

7           (b) The qualified provider shall certify that measurement and  
8 verification techniques for determining cost savings will be  
9 performed in accordance with [the protocols published in January 2001 by  
10 the international performance measurement and verification protocol inc.  
11 ]

12           (4) ~~—(2)—~~ The board of a school district, intermediate school  
13 district, or local act school district may provide for the  
14 removal or treatment of asbestos or other material injurious to  
15 health for school facilities and may pay for the improvements  
16 from operating funds of the school district or from the proceeds  
17 of bonds or notes issued for ~~such~~ **that** purpose.

18           (5) ~~—(3)—~~ Issuance of bonds for the purposes authorized by  
19 this section shall be considered as issued for capital  
20 expenditures for all purposes including section 16 of article IX  
21 of the state constitution of 1963.

22           (6) ~~—(4)—~~ Energy conservation improvements or substance  
23 removal or treatment authorized by this section ~~shall be~~ **is**  
24 subject to the competitive bidding requirements of section 1267.

25           (7) ~~—(5)—~~ If energy conservation improvements are made by a  
26 school district, **local act school district**, or ~~an~~ intermediate  
27 school district as provided in this section, the school board ~~of~~

1 ~~the school district or an~~ or intermediate school ~~district~~  
2 **board** shall report the following information to the ~~Michigan~~  
3 ~~public service commission~~ **state treasurer** within 60 days after  
4 the completion of the improvements:

5 (a) Name of each facility to which an improvement was made  
6 and a description of the conservation improvements.

7 (b) Actual energy consumption during the 12-month period  
8 before completion of the improvement.

9 (c) Project costs and expenditures.

10 (d) Estimated annual energy savings.

11 **(8)** ~~-(6)-~~ If energy conservation improvements are made as  
12 provided in this section, the school board ~~of the school~~  
13 ~~district or an~~ or intermediate school ~~district~~ **board** shall  
14 report to the ~~Michigan public service commission~~ **state**  
15 **treasurer** by July 1 of each of the 5 years after the improvements  
16 are completed the actual annual energy consumption of each  
17 facility to which improvements were made. The forms for the  
18 reports required by this section shall be furnished by the  
19 ~~Michigan public service commission~~ **state treasurer**.

20 **(9) As used in this section:**

21 (a) "Energy saving performance contract" means an agreement  
22 for the evaluation, recommendation, and implementation of energy  
23 conservation measures including, but not limited to, an energy  
24 audit or detailed energy study; the design, installation,  
25 operation, and maintenance of 1 or more energy conservation  
26 measures; energy management services; and an energy savings  
27 guarantee.

1       (b) "Qualified provider" means an individual or a business  
2 entity that is experienced in performing design, analysis, and  
3 installation of energy conservation improvements and facility  
4 energy management measures and that will provide these services  
5 under the contract with a guarantee or on a performance basis.