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OFFICE OF THE SECRETARY

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**BILL:** Senate Bill 179 - Energy Performance Contracts — Duration

**COMMITTEE:** Senate Budget and Taxation

**DATE:** January 19, 2022

**POSITION:** Support

Upon review of Senate Bill 179, the Department of General Services (DGS) provides these comments.

The purpose of Senate Bill 179 is to extend the potential maximum lease term for an Energy Performance Contract (EPC) from 15 years to 30 years.

Extending the potential lease term to 30 years allows for larger-capital intensive pieces of equipment, such as HVAC systems, replacement windows and envelope improvements such as air sealing and insulation, and other longer payback conservation measures to be included in possible EPC projects. The longer lease life would enable the equipment to reach its payback period, which is beyond the current 15-year lease limit, so that each measure is paid for through the project's guaranteed savings.

Extending EPCs to 30 years would positively impact DGS and other State agencies by allowing for more effective and efficient ways to address deferred maintenance items and other projects. For these reasons DGS requests a favorable report for SB 179.

For additional information, contact Ellen Robertson at 410-260-2908.

