

**WEST VIRGINIA
SECRETARY OF STATE
NATALIE E. TENNANT
ADMINISTRATIVE LAW DIVISION**

Form #3

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OFFICE WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF AGENCY APPROVAL OF A PROPOSED RULE
AND
FILING WITH THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE**

AGENCY: Higher Education Policy Commission TITLE NUMBER: 133

CITE AUTHORITY: West Virginia Code 18B-5-11

AMENDMENT TO AN EXISTING RULE: YES NO

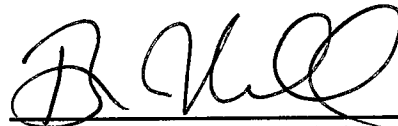
IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF RULE BEING PROPOSED: Series 50

TITLE OF RULE BEING PROPOSED: Energy and Water Savings Revolving Loan Fund Program

THE ABOVE PROPOSED LEGISLATIVE RULE HAVING GONE TO A PUBLIC HEARING OR A PUBLIC COMMENT PERIOD IS HEREBY APPROVED BY THE PROMULGATING AGENCY FOR FILING WITH THE SECRETARY OF STATE AND THE LEGISLATIVE RULE-MAKING REVIEW COMMITTEE FOR THEIR REVIEW.



Authorized Signature

**TITLE 133
LEGISLATIVE RULE
HIGHER EDUCATION POLICY COMMISSION**

FILED

2009 MAY 20 PM 4: 31

**SERIES 50
ENERGY AND WATER SAVINGS REVOLVING LOAN FUND PROGRAM**

OFFICE WEST VIRGINIA
SECRETARY OF STATE

§133-50-1. General.

- 1.1. Scope – This rule establishes guidelines for the state institutions of higher education to follow in applying for an energy and water savings loan.
- 1.2. Authority – West Virginia Code §18B-5-11.
- 1.3. Filing Date –
- 1.4. Effective Date –
- 1.5. Purpose – The purpose of this rule is to establish policies and procedures for the operation of the Energy and Water Savings Revolving Loan Fund Program.

§133-50-2. Definitions.

- 2.1. Chancellor. The individual employed as Chancellor for Higher Education pursuant to W. Va. Code §18B-1B-5.
- 2.2. Commission. West Virginia Higher Education Policy Commission.
- 2.3. Energy and water conservation measures. Goods or services, or both, to reduce energy and water consumption operating costs of an institution's facilities. They include, but are not limited to, installation of one or more of the following:
 - 2.3.1. Insulation of a building structure and systems within a building;
 - 2.3.2. Storm windows or doors, caulking or weather stripping, multiglazed windows or doors, heat-absorbing or heat-reflective glazed and coated window or door systems, or other window or door modifications that reduce energy consumption;
 - 2.3.3. Automatic energy control systems;
 - 2.3.4. Heating, ventilating or air conditioning systems, including

modifications or replacements;

- 2.3.5. Replacement or modification of lighting fixtures to increase energy efficiency;
 - 2.3.6. Energy recovery systems;
 - 2.3.7. Cogeneration systems that produce steam or another form of energy for use by any tenant in a building or complex of buildings owned by an institution;
 - 2.3.8. Energy-conservation maintenance measures that provide long-term operating cost reductions of the building's present cost of operation; or
 - 2.3.9. Water saving devices and fixtures, improvements to infrastructure to minimize water loss, and devices to monitor and control usage.
- 2.4. Energy or water savings contract. A contract for the evaluation and recommendation of energy and water conservation measures and for implementation of one or more measures.
 - 2.5. Energy and Water Savings Loan or Loans. A loan made from the revolving loan fund established by W. Va. Code §18B-5-11.
 - 2.6. Energy and Water Savings Revolving Loan Fund Program or Program. The program established by W. Va. Code §18B-5-11 to finance projects that will achieve significant reductions in campus energy or water consumption and costs.
 - 2.7. Qualified provider or consultant. A person, firm or corporation experienced in one or more of the following: the identification, quantification, design, implementation or installation of energy and water conservation measures.
 - 2.8. State Institutions of Higher Education or Institutions or Institution. Those institutions of higher education defined in W. Va. Code §18B-1-2 (p).

§133-50-3. Administration.

- 3.1. The provisions of this rule apply to the state institutions of higher education under the jurisdiction of the Higher Education Policy Commission and the Council for Community and Technical College Education.
- 3.2. The Energy and Water Savings Revolving Loan Fund Program shall be administered by the chief financial officer under the general direction of the

Chancellor.

- 3.3. The program shall be operated as a revolving loan fund to provide loans to state institutions of higher education to finance energy and water conservation measures that will achieve significant reductions in campus energy and water consumption and costs.

§133-50-4. Establishing an Energy Usage Baseline and Identification of Energy and Water Conservation Measures.

- 4.1. An institution interested in applying for a loan shall establish an energy and water usage baseline for the campus and for each facility from which energy and water savings shall be measured. The baseline shall show the actual monthly energy and water usage for at least the past three years, or the past five years if the records are available.
- 4.2. The institution shall conduct a survey to identify and quantify energy and water conservation measures for each campus facility.
- 4.3. Once the energy and water usage baseline and general campus survey are complete, the institution shall rank the energy and water conservation measures in order of potential energy and water savings from highest to lowest.
- 4.4. The institution may enter into a contract with a qualified provider or consultant to assist in identifying and quantifying the potential energy and water savings of each energy and water conservation measure.

§133-50-5. Eligibility Criteria.

- 5.1. To be eligible for an energy and water savings loan an institution must:
 - 5.1.1. Submit an application to the Commission in a form required by the Commission;
 - 5.1.2. Specifically identify the energy and water conservation measure(s) the loan will finance; and
 - 5.1.3. Demonstrate that the potential energy and water conservation measure(s) will generate sufficient savings to meet the payback requirements of this section.
- 5.2. The initial loans will be made for energy and water conservation measures that have a payback period of not more than ten years.

§133-50-6. Applications.

- 6.1. The Commission will begin taking applications for the initial loans July 1, 2009 and the application period will remain open until December 31, 2009.
- 6.2. Approved applications not funded after the initial evaluations shall remain active and will be reconsidered as funds become available.
- 6.3. Institutions will be notified when additional funds become available and may update existing loan applications at that time or submit additional applications.
- 6.4. Applications shall be made for loans of no less than \$50,000 nor more than \$1 million.
- 6.5. During the first year of the program, only one application from each institution will be funded unless all available funds are not utilized.
- 6.6. The application shall include, at the least:
 - 6.6.1. A detailed description of the energy and water conservation measure(s), including location, start date, anticipated completion date, cost, and method of construction, renovation or upgrade;
 - 6.6.2. Calculations demonstrating the amount of savings anticipated and the required payback period;
 - 6.6.3. Certification by a qualified provider or consultant that the savings' calculations and payback projections are accurate and reasonable;
 - 6.6.4. The amount of loan sought;
 - 6.6.5. The amount of institutional funds, including federal and other funds legally available for this purpose, if any, that will also be dedicated to the project; and
 - 6.6.6. Proposed repayment schedule based upon payments being generated from realized savings.

§133-50-7. Evaluation Criteria.

- 7.1. The applications will be evaluated by Commission staff using the following criteria:
 - 7.1.1. Greatest energy or water savings attained per dollar loaned;

- 7.1.2. Shortest loan repayment periods;
 - 7.1.3. Reliability of the savings and payback calculations;
 - 7.1.4. Extent of the energy and water conservation measure's institution-wide effect; and
 - 7.1.5. The amount of institutional funds, including federal and other funds legally available for this purpose, if any, that can also be dedicated to the project to increase the total potential savings.
- 7.2. The greatest weight in evaluating applications shall be given to those projects which are anticipated to generate the greatest amount of savings over the shortest period of time.
 - 7.3. Commission staff shall rank the approved applications in proposed funding order for the Commission's approval.

§133-50-8. Reports.

- 8.1. Upon final implementation of the energy and water conservation measure(s) financed by a loan provided for by this rule, the institution shall report to the Commission the completion date, the date energy or water savings are expected to start accruing, and the total final costs of the energy and water conservation measure(s).
- 8.2. On each anniversary date of the completion of an energy and water conservation measure financed under this rule, the institution shall provide a report to the Commission indicating:
 - 8.2.1. Prior average monthly energy or water consumption and costs that the energy and water conservation measure was intended to decrease;
 - 8.2.2. Actual monthly energy or water consumption and costs after the energy and water conservation measure was implemented, adjusted by any increases or decreases in utility or energy or water unit costs; and
 - 8.2.3. Total yearly savings realized in energy and water consumption and costs.
- 8.3. If the Commission determines that the energy and water savings anticipated but not realized by the institution were the result of unjustified and unreasonable assumptions by the institution, it may require that the institution accelerate the repayment of the loan.

§133-50-9. Interest.

- 9.1. The initial loans granted shall be repaid at an interest rate of zero percent a year on the unpaid balance. The Commission may increase this interest rate in subsequent years for new loans to a rate not to exceed four percent.

**SUMMARY
TITLE 133
LEGISLATIVE RULE
HIGHER EDUCATION POLICY COMMISSION**

**SERIES 50
ENERGY AND WATER SAVINGS REVOLVING LOAN FUND PROGRAM**

This rule establishes guidelines and procedures for the Energy and Water Savings Revolving Loan Fund Program. The rule's major provisions are summarized as follows:

- The loan program is open to four-year and two-year institutions.
- The program will be administered by the Commission's Chief Financial Officer.
- The program will be operated as a revolving loan fund to finance energy and water conservation measures that will achieve significant reductions in campus energy and water use.
- The initial loan application period will run from July 1, 2009 through December 31, 2009 for loans ranging from a minimum of \$50,000 to a maximum of \$1 million.
- The initial loans will be granted at zero percent interest; however, the Commission may increase the interest rate for subsequent loans to a maximum of four percent.
- An institution receiving a loan is to provide an annual report to the Commission.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: 133-50 - Energy and Water Savings Revolving Loan Fund Program

Type of Rule: Legislative Interpretive Procedural

Agency: Higher Education Policy Commission

Address: 1018 Kanawha Boulevard East, Suite 700
Charleston, West Virginia 25301

Phone Number: 304-558-0699 Email: noland@hepc.wvnet.edu

Fiscal Note Summary

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

The rule implements the statute and has no fiscal impact.

Fiscal Note Detail

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	Current Increase/Decrease (use "-")	Next Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost			
Personal Services			
Current Expenses			
Repairs & Alterations			
Assets			
Other			
2. Estimated Total Revenues	0.00	0.00	0.00

Rule Title: _____

Rule Title: 133-50 - Energy and Water Savings Revolving Loan Fund Program

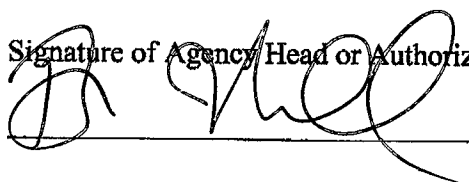
- 3. Explanation of above estimates (including long-range effect):**
Please include any increase or decrease in fees in your estimated total revenues.

The rule implements the statute and has no fiscal impact.

MEMORANDUM

Please identify any areas of vagueness, technical defects, reasons the proposed rule would not have a fiscal impact, and/or any special issues not captured elsewhere on this form.

Date: May 20, 2009

Signature of Agency Head or Authorized Representative


**West Virginia Higher Education Policy Commission
Meeting of May 14, 2009**

ITEM: Final Approval of Series 50, Energy and Water Savings Revolving Loan Fund Program, Emergency and Legislative Rules

INSTITUTIONS: All

RECOMMENDED RESOLUTION: *Resolved*, That the West Virginia Higher Education Policy Commission approves the amendments to the Emergency and Legislative Rules, Series 50, Energy and Water Savings Revolving Loan Fund Program, and authorizes filing with the Secretary of State and the Legislative Oversight Commission on Education Accountability.

STAFF MEMBER: Richard Donovan

BACKGROUND:

During the March 27, 2009 meeting, the Commission approved a proposed emergency rule, Series 50, Energy and Water Savings Revolving Loan Fund Program, for filing with the Secretary of State and the Legislative Oversight Commission on Education Accountability (LOCEA) to implement the program. Additionally, the Commission approved a proposed legislative rule for submission to LOCEA and for filing with the Secretary of State for a thirty-day public comment period.

In accordance with established practice, the proposed legislative rule was distributed to various constituency groups at the beginning of the comment period. Among those who received copies of the proposed rule were institutional presidents, chief financial officers, physical plant directors, the chairs of the statutorily-created advisory councils, and other interested parties.

During the thirty-day comment period, staff received one comment as follows:

Comment: A commenter from an institution suggested the addition of language to accommodate a circumstance when a new property is acquired without access to or knowledge of prior comparable utility usage information.

Response: No change in the rule has been made. Establishing a benchmark of past utility usage is vital in determining the energy savings anticipated from energy efficiency improvements financed by an energy and water savings loan under this program.

During the April 2, 2009 meeting of LOCEA, it was recommended that the emergency rule be amended to incorporate the addition of language in Sections 6.5.6 and 7.1.5. to include federal funding. As a result, the emergency and legislative rules have been amended to reflect the changes as outlined below:

- 6.6.5. The amount of institutional funds, including federal and other funds legally available for this purpose, if any, that will also be dedicated to the project; and
- 7.1.5. The amount of institutional funds, including federal and other funds legally available for this purpose, if any, that can also be dedicated to the project to increase the total potential savings.

It is recommended that the Commission approve the amended emergency and legislative rules for filing with the Secretary of State and submission to LOCEA for approval and further legislative action.