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TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

**An Act to Finance Clean Energy and Infrastructure in Maine
L.D. 1606**

**GOVERNOR'S ENERGY OFFICE
March 27, 2023**

Senator Lawrence, Representative Zeigler, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies neither for nor against L.D. 1606.

This bill would establish a grant program to analyze efficiency and energy projects in Maine's public schools, as well as establish a pilot project to fund the implementation of such projects through zero-interest loans. The GEO is broadly supportive of efforts to improve efficiency and reduce costs at our schools, but would like to share some additional information for consideration.

The Maine Department of Education (DOE) utilizes the School Revolving Renovation Fund (SRRF) for funding assistance to school administrative units (SAUs) to ensure that students have a safe, healthy and appropriate learning environment. The SRRF offers funding where SAUs have identified needs in the areas of health and safety, building systems, energy and water conservation, and learning space upgrades. Funding comes from the Maine Municipal Bond Bank with both State and local contributions. The DOE has noted that typically Priority 1 and 2 categories (health and safety, and building systems such as windows, doors, and water supply) expend all SRRF allocations and there is very rarely – if ever – remaining funds for Priority 3 (repairs and improvements related to energy and water conservation). Based on this experience, it should be considered whether schools would realistically be able to repay the loans for these projects as proposed, as well as potential alternative financing mechanisms.

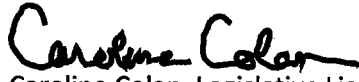
Regarding funding, the GEO and other state agencies have been closely monitoring federal funding opportunities relating to investments in infrastructure, efficiency, and renewable energy. While some funds specifically targeted toward efficiency and energy improvements in public schools were created by the Bipartisan Infrastructure Law, these funds are both limited in size and extremely competitive. Passage of the Inflation Reduction Act additionally created or extended several tax credits that may be able to be applied to school projects, and a "direct pay" option was put in place which would allow tax-exempt entities, like public schools and municipal governments, to take advantage of tax credits for the first time. Utilizing these options may reduce the total cost of a project, but it may be worth also considering other types of alternative or creative financing mechanisms for these projects.

As the Maine Climate Council soon reconvenes to work on the next iteration of the state's climate plan, increasing the efficiency of our public schools and reducing their energy costs will be a key area of focus, recognizing the specific challenges these buildings pose and the limited funds that currently exist to

address their full list of identified needs. Additionally, there is a new position proposed in the current budget to create a Green Schools Coordinator within the Department of Education to coordinate the priorities of Maine school facilities and to work with SAUs regarding building weatherization, efficiency, and the use of renewable energy resources. If such a position is created, it could be instrumental in providing guidance to a program like what is proposed in this legislation.

The GEO would be happy to work with the Committee and the sponsor on these concepts should this legislation move forward.

Thank you for your consideration.


Caroline Colan, Legislative Liaison
Governor's Energy Office