ATTACHMENT F

July 28, 2022

To the Honorable Senate and House of Representatives,

Pursuant to Article LVI, as amended by Article XC, Section 3 of the Amendments to the Constitution of the Commonwealth of Massachusetts, I am returning to you for amendment Section 15 of House Bill No. 5050, “An Act Making Appropriations for the Fiscal Year 2023 for the Maintenance of the Departments, Boards, Commissions, Institutions and Certain Activities of the Commonwealth, for Interest, Sinking Fund and Serial Bond Requirements and for Certain Permanent Improvements.”

Section 15 expands project eligibility under the Utility Vendor (UV) program to include projects defined as “climate resilience and decarbonization activities.” The UV program utilizes procurement authorizations established by the Green Communities Act of 2008. As the fastest path to emissions reductions in small Commonwealth owned facilities, the UV program is an essential tool to achieve net zero greenhouse gas emissions by 2050. Administered through the Division of Capital Asset Management and Maintenance (DCAMM), the UV program allows DCAMM to directly contract for energy conservation projects that have a total project cost of $100,000 or less. The program plays a significant role in achieving energy and water conservation at public sites including mental health facilities and state parks.

The Legislature’s inclusion of language that expands the project eligibility under the UV program is a major step forward toward achieving the Commonwealth’s net zero goal. However, without also increasing the UV program project threshold, the expansion of project eligibility will not have the desired effect. Since the $100,000 threshold was established, the cost to execute projects and achieve associated energy savings has increased substantially yet the statutory threshold for these projects has not been increased to meet market conditions. The result has been the consistent reduction of project scopes to ensure projects stay under $100,000, preventing DCAMM from delivering projects that address all cost-effective energy conservation needs. Raising the threshold from $100,000 to $300,000 would address this constant issue and enable the Commonwealth to realize increased energy, water, and carbon savings on projects administered through the UV Program.

For these reasons, I recommend that the bill be amended by striking out section 15 and inserting in place thereof the following section:-

SECTION 15. Section 14 of chapter 25A of the General Laws, as appearing in the 2020 Official Edition is hereby amended by striking out subsection (a) and inserting in place thereof the following subsection:-

(a) A state agency, building authority, local governmental body or the judiciary may contract for energy conservation projects that have a total project cost of $300,000 or less, directly and without further solicitation, with electric and gas utilities, their subcontractors and other providers of such energy conservation projects authorized under sections 19 and 21 of chapter 25 and section 11G. For the purposes of this section, “energy conservation projects” shall mean projects to promote energy conservation including, but not limited to: energy conserving modification to windows and doors; caulking and weatherstripping; insulation; automatic energy control systems; hot water systems; equipment required to operate variable steam, hydraulic and ventilating systems; plant and distribution system modifications; devices for modifying fuel openings; electrical or mechanical furnace ignition systems; utility plant system conversions; replacement or modification of lighting fixtures; energy recovery systems; on-site electrical generation equipment using new renewable energy generating sources as defined in section 11F; decarbonization activities; and cogeneration systems.

Respectfully submitted,

Charles D. Baker

Governor