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PATRICK-MURRAY ADMINISTRATION ANNOUNCES LOW-COST FINANCING TO EXPAND CLEAN ENERGY, SAVE COSTS AT STATE FACILITIES**Commonwealth Clean Energy Investment Program will streamline financing for potential 32-project pipeline worth up to \$22 million in annual energy cost savings**

DANVERS - Thursday, February 25, 2010 - Governor Deval Patrick today announced a new financing plan that will enable the Commonwealth to launch energy efficiency and renewable energy projects at dozens of state buildings, saving the Commonwealth millions of dollars in energy costs annually while creating jobs and supporting the administration's clean energy goals.

"With this new financing plan, we can move quickly to put workers on job sites across the state," said Governor Patrick. "And the added benefit is that these projects will pay for themselves."

The announcement of the new Commonwealth Clean Energy Investment Program - part of the Patrick-Murray Administration's Commonwealth Energy Solutions initiative - came at North Shore Community College (NSCC) in Danvers, where a comprehensive energy efficiency project will be the program's first beneficiary. NSCC's project will get under way in April thanks to the Governor's plan to use state-backed general obligation bonds to finance projects that pay off the debt through energy savings.

"The Clean Energy Investment Program's new financing plan will have a very positive and effective impact," said Lieutenant Governor Timothy Murray. "As we continue to focus on creating jobs across the Commonwealth, this new plan will put people to work while also creating another cost-saving solution that will benefit our taxpayers and support future investment for energy efficiency."

Complementing NSCC's construction of the first zero net energy facility in the state's building portfolio, which was announced last year, the energy efficiency project spans NSCC campuses in Danvers and Lynn, and includes a full lighting retrofit, an energy management system, new chillers, variable frequency drive motors, water conservation measures, insulation, new rooftop heating/cooling units and conversion of heating from electric to natural gas.

Worth \$3.6 million, this upgrade is expected to cut the college's energy use by up to 32 percent and reduce annual energy costs by nearly \$400,000. Financing the work with state bonds will lower the Commonwealth's interest payments by more than \$800,000 over the life of the project compared with other financing options.

"This new low-cost financing mechanism will allow the Commonwealth to invest more in energy efficiency at its own facilities over the next four years than it has in the past two decades," said Energy and Environmental Affairs Secretary Ian Bowles. "These investments will pay for themselves as they cut energy waste, reduce operating costs, cut greenhouse gas emissions, and strengthen Massachusetts's clean energy economy."

"The Patrick-Murray Administration is committed to making the Commonwealth's facilities energy efficient, saving taxpayers millions of dollars," said Administration and Finance (A&F) Secretary Jay Gonzalez. "This innovative financing mechanism will help accelerate dozens of projects in the pipeline and make Massachusetts a leader in clean and renewable energy investment."

"The Patrick-Murray Administration has made energy efficient state buildings a top priority," said Division of Capital Asset Management (DCAM) Commissioner David B. Perini. "This new approach to financing energy projects gives DCAM, and the myriad state agencies that we serve, a major advantage as we continue to implement the Governor's bold energy savings agenda."

Over the past 25 years, the Commonwealth - through DCAM - has invested \$213 million in 56 energy and water efficiency projects at state facilities, producing annual energy savings of approximately \$26 million. These projects have been funded through the

state's Tax Exempt Lease Program or through contracts with energy service companies (ESCOs) - financing avenues that are more complicated and expensive. The Commonwealth Clean Energy Investment Program will use low-cost general obligation bond financing outside of state government's annual capital spending limit (known as the "bond cap") for energy efficiency projects that save enough money to pay the debt service on bonds that finance them.

Because these changes will be self-supporting and the projects financed with the bonds will more than pay for themselves in energy cost savings, treating these financings outside the state's bond cap is consistent with the Administration's debt affordability policy, which has been favorably reviewed by the rating agencies.

General obligation bonds are the least expensive source of funds for the state, in part due to the Commonwealth's favorable AA bond rating. To ensure the new program's financial integrity and protect the state's bond rating, A&F will review and approve each project, and require independent verification that savings generated will support repayment of the bonds.

DCAM has dozens of energy efficiency and renewable energy projects at state facilities that could be eligible for the new financing program. Once reviewed and confirmed that they are eligible, some of these projects could begin in a matter of months, and all within one to two years. If all are approved and completed, these projects are estimated to save \$22 million in energy costs annually, while generating scores of jobs for construction workers, project administrators, analysts and engineers.

Accelerating work on state facility energy projects will also help the Commonwealth comply with Governor Patrick's "Leading By Example" Executive Order on Clean and Efficient Buildings. Adopted in April 2007, the Order calls on the state to reduce overall energy consumption at state-owned buildings by 20 percent and greenhouse gas emissions resulting from state government operations by 25 percent by 2012.

"Governor Patrick has declared energy efficiency the Commonwealth's first fuel, and we have already identified a roster of projects that will cut energy waste across a wide spectrum of state colleges and university campuses, agencies and departments. This important work can now get underway in a cost effective way," said Department of Energy Resources Commissioner Phil Giudice.

The Commonwealth Clean Energy Investment Program is part of Commonwealth Energy Solutions, a Patrick-Murray Administration initiative designed to yield an estimated \$6 million in savings in its first year. Other components include:

- Establishing a consolidated procurement process for electricity, natural gas, heating fuels, demand response, efficiency and energy management services; and
- Implementing real-time monitoring and analysis to optimize energy resources across state facilities.

"I'm pleased to see the Governor moving forward on these types of self-sustaining energy projects. This is exactly the type of energy savings, job creating, and pay for themselves projects that I've been encouraging private businesses and municipalities in my district to move on. It's common sense," said Senator Marc R. Pacheco, Chair, Senate Committee on Global Warming and Climate Change.

"It's important that the State continues to set the example for our cities and towns to follow with regard to energy efficiency. Energy efficiency continues to be our first line of defense against rising energy prices and dependence on foreign fuel sources, and I am proud of the Legislature and the Administration's continued focus on such programs," said Senator Michael W. Morrissey, Senate Chair, Joint Committee on Telecommunications, Utilities and Energy.

"The Commonwealth Clean Energy Investment Program will help the Commonwealth to make the investments in our future that are necessary if we are going to reach our green energy goals," said Representative Barry R. Finegold, House Chair, Joint Committee on Telecommunications, Utilities and Energy. "In addition to increasing our use of renewable energies, this program will also save the State and our taxpayers through improved efficiency."

"Thank you to Governor Patrick for his continued leadership for the advancement of clean energy initiatives in the Commonwealth. This financing plan will be hugely beneficial to related projects statewide, including the innovative construction taking place at North Shore Community College," said Senator Frederick E. Berry.

"Being able to save North Shore Community College \$400,000 in their utility bills and making the air we breathe in Danvers healthier is a win for everyone," said Representative Ted Speliotis.

In addition to the NSCC project, several other projects are ready to begin in the coming months. These include installation of two 1.65-megawatt wind turbines each at the Department of Correction's Gardner facility and at Mt. Wachusett Community College; and comprehensive energy efficiency projects at Massasoit Community College, UMass Dartmouth, 17 Trial Court buildings located in Bristol, Plymouth and Suffolk Counties, and the headquarters and training academy of the Massachusetts State Police.

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