

SENATE BILL REPORT

E2SHB 1007

As Reported by Senate Committee On:
Environment, Water & Energy, March 24, 2009

Title: An act relating to creating a sustainable energy trust.

Brief Description: Creating a sustainable energy trust.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Morris, Chase, Morrell, Liias, Anderson, Upthegrove, Seaquist, Hudgins and Moeller).

Brief History: Passed House: 3/09/09, 85-10.

Committee Activity: Environment, Water & Energy: 3/24/09 [DP, DNP].

SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

Majority Report: Do pass.

Signed by Senators Rockefeller, Chair; Pridemore, Vice Chair; Honeyford, Ranking Minority Member; Fraser, Hatfield, Marr, Morton and Ranker.

Minority Report: Do not pass.

Signed by Senators Delvin and Holmquist.

Staff: Jan Odano (786-7486)

Background: The Washington State Housing Finance Commission (Commission) was created in 1983 to act as a financial conduit that, without lending the credit of the state, can issue nonrecourse revenue bonds; participate in federal, state, or local housing programs; make additional funds available at affordable rates to help provide housing throughout the state; and encourage the use of Washington forest products in residential construction. The Commission is authorized to provide construction and permanent financing for low- and moderate-income housing, nonprofit facilities, capital equipment, and beginning farmers and ranchers within the state.

The commission is authorized to:

- issue bonds;
- invest in, purchase, or make commitments to purchase or take assignments from mortgage lenders of mortgages or mortgage loans;

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- make loans to or deposits with mortgage lenders for the purpose of making mortgage loans; and
- participate fully in federal and other governmental programs.

In 2002 the Legislature established the Washington Climate and Rural Energy Development Center (Center) in the Washington State University (WSU) Energy Extension Program. The Center serves as a public source and central clearinghouse of impartial, nonregulatory, credible, and reliable information addressing various aspects of climate change and clean energy activities.

Summary of Bill: The Commission must develop and implement a sustainable energy trust program to provide funding for qualified energy efficiency improvement projects, if economically feasible. The Commission must establish eligibility criteria for financing that will enable it to choose eligible applicants most likely to repay loans. The loans are made or acquired by the Commission from proceeds from commission bonds.

If economically feasible, the commission must:

- issues bonds for financing loans for qualified energy efficiency and renewable energy improvement projects;
- participate in federal programs to promote energy efficiency and renewable energy technologies;
- contract with a certifying authority to accept applications for energy efficiency and renewable energy improvement projects, review applications, including binding fixed price bids, and to approve qualified improvements for financing by the Commission. The certifying authority must use an application certification process similar to the investment cost recovery incentive application for solar electric systems.

Prior to contracting with a certifying authority, the Commission must consult with WSU Energy Extension program to determine which potential improvement technologies are appropriate.

A qualified improvement project is an energy efficiency improvement that has been approved by a certifying authority or a net metering system. An energy efficiency improvement is an installation or modification that is designed to reduce energy consumption. An improvement includes installation or modifications such as insulation; storm windows and doors; automatic energy control systems; energy recovery systems; and geothermal heat pumps. Certifying authorities are defined as (1) for solar electric systems, the Center at WSU; or (2) for all other energy efficiency and renewable energy improvements, any utility company or other institution qualified to assess and certify the feasibility and benefit of energy efficiency and renewable energy improvements in a manner that is efficient and minimizes the amount of time or cost.

An eligible applicant to the Sustainable Energy Trust Program is an owner of a residential, agricultural, commercial, state, or municipal property.

No general state resources may be used to implement the Sustainable Energy Trust Fund.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill will provide a financing tool for people who want to pursue energy efficiency and conservation projects. The Housing Finance Commission (HFC) is currently structured to address this type of financing; it needs the authority to finance energy efficiency and conservation projects. A statewide financing program will provide a better alternative to financing and will be helpful in getting more projects completed.

Persons Testifying: PRO: Representative Morris, prime sponsor; Kim Herman, Executive Director, Washington State HFC; Jake Fey, Director, WSU Energy Extension Program; Ken Johnson, Puget Sound Energy.