

# SENATE BILL REPORT

## 4SHB 2009

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As Reported By Senate Committee On:  
Energy, Telecommunications & Utilities, February 20, 1996  
Ways & Means, February 23, 1996

**Title:** An act relating to the energy office.

**Brief Description:** Eliminating the state energy office.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Casada, Huff, Campbell, Clements, Goldsmith, Elliot, Pelesky, Backlund, Reams, Smith, Delvin, Blanton and Beeksma).

**Brief History:**

**Committee Activity:** Energy, Telecommunications & Utilities: 2/19/96, 2/20/96 [DPA].  
Ways & Means: 2/23/96 [DPA (ETU)].

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### SENATE COMMITTEE ON ENERGY, TELECOMMUNICATIONS & UTILITIES

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.  
Signed by Senators Sutherland, Chair; Loveland, Vice Chair; and Owen.

**Staff:** Phil Moeller (786-7445)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on Energy, Telecommunications & Utilities.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Hargrove, Kohl, Pelz, Quigley, Sheldon, Snyder, Spanel, Sutherland, Winsley and Wojahn.

**Staff:** Susan Lucas (786-7715)

**Background:** The Washington State Energy Office (WSEO) was created statutorily in 1976. WSEO performs functions related to energy policy analysis, implementation of the state energy strategy, nuclear safety and environmental monitoring, energy emergencies, renewable energy development, energy efficiency, energy codes, energy efficient transportation, and public sector energy conservation. In addition, WSEO serves as a central repository and clearinghouse for energy data and other information, including information about petroleum consumption in the state.

In fulfilling these functions, WSEO provides technical assistance to people, businesses, industries, and governmental institutions to help reduce energy costs. WSEO has the authority to obtain information that is necessary to carry out its duties from energy producers, suppliers, and consumers doing business in the state.

WSEO also provides assistance, space, and other necessary support for the activities of the state's two representatives to the Pacific Northwest Electric Power and Conservation Planning Council, the regional power planning council created by federal statute, and for the Energy Facility Site Evaluation Council (EFSEC), which is responsible for coordinating the evaluation, siting, and licensing of major non-hydroelectric energy facilities. EFSEC also monitors the construction, operation, and eventual decommissioning of those energy facilities and enforces compliance with site certification conditions. Current EFSEC membership includes WSEO, the Office of Financial Management, and the Parks and Recreation Commission and several other state agencies. The Military Department is not a member. The chair of EFSEC receives \$50 per day.

In passing the Clean Air Act of 1991, the Legislature established the Commute Trip Reduction Program requiring employers of 100 employees or more to reduce the number of commute trips made by their employees, and created a statewide task force to organize the implementation of the program. WSEO coordinates the Commute Trip Reduction Task Force and provides technical assistance to local jurisdictions and employers in meeting commute trip reduction goals.

WSEO also has lead responsibility in the areas of alternative fuels and clean vehicle technologies and, along with other agencies, assists the Department of Ecology in preparing a biennial report to the Legislature on clean-fuel issues.

State law requires energy conservation practices and renewable energy systems to be employed in the design of major publicly-owned or leased facilities, and that at least one renewable energy system is considered. WSEO is responsible for developing guidelines for fulfilling this requirement, including approving or disapproving life-cycle cost analyses. A "life-cycle cost analysis" is an analysis of the initial cost and cost of operation of a major facility over its economic life.

In addition, state law imposes a variety of requirements on WSEO regarding conservation and cogeneration in governmental facilities, including schools. In fulfilling its obligations, WSEO may use appropriated moneys to make loans to school districts to finance conservation projects. State agencies may use financing contracts to fund conservation projects, but WSEO determines project eligibility. WSEO is also responsible for establishing criteria for approving projects to be financed from the state energy efficiency construction account and for using moneys from the energy efficiency services account to provide energy efficiency services to state agencies and school district.

The State Building Code Council consults with WSEO in establishing requirements for indoor air quality, reviews insulation values for windows, and proposes rules. WSEO reviews the rules and makes recommendations to the council.

Department of Community, Trade, and Economic Development. In 1993, the Legislature created the Department of Community, Trade, and Economic Development (CTED) by merging the Department of Community Development and the Department of Trade and Economic Development. CTED is responsible, among other duties, for promoting community and economic development within the state, coordinating and administering energy assistance and residential energy conservation programs, serving as central

coordinator for state government in implementing the Growth Management Act, and providing emergency management services.

Washington State University Cooperative Extension. Although it apparently does not do so currently, several years ago WSEO contracted with Washington State University to provide energy extension services. Cooperative extension programs in several other states, including Oregon, provide a range of energy-related services to the general public, businesses, industry, and government. Washington State University's Cooperative Extension Program (WSU) has a nonprofit orientation, but can receive funds from the state and other sources.

Department of Transportation. The Department of Transportation (DOT) is responsible for managing, financing, and constructing the state's highway and road system. In recent years increased population and increased use of single-occupancy vehicles have resulted in traffic congestion and the need for increased highway capacity. As an alternative to more highways, new programs have been initiated to reduce the demand for highway usage. Such programs are referred to as "transportation demand management." DOT is implementing a number of transportation demand management programs and currently participates on the Commute Trip Reduction Task Force.

General Administration. In 1980, the Legislature determined that state government should undertake an aggressive program designed to reduce energy use in state buildings, facilities, equipment, and vehicles. Much of the responsibility for doing so was placed with the Department of General Administration (GA).

**Summary of Amended Bill:** A striking amendment is adopted. The statute establishing the Washington State Energy Office is repealed. WSEO duties are transferred to CTED, WSU, DOT, and GA.

Duties Transferred to CTED. Energy policy functions are transferred to CTED. Energy policy staff positions remain exempt from state civil service laws, and current WSEO policy employees are not expressly transferred. An assistant director for energy policy is to be appointed, and energy policy staff are to have no additional responsibilities.

WSEO duties regarding the state's two representatives to the Pacific Northwest Electric Power and Conservation Planning Council and regarding EFSEC are transferred to CTED. EFSEC membership is changed by eliminating WSEO, the Office of Financial Management, and the Parks and Recreation Commission, and by adding the Military Department. The compensation of the chair of EFSEC is increased to \$100 per day.

WSEO duties and authority regarding energy emergencies and shortages are transferred to CTED, but the authority to obtain information from energy producers, suppliers, and consumers doing business in the state is limited to energy supply emergencies or alerts.

CTED replaces WSEO in working with the State Building Code Council regarding indoor air quality, window insulation values, and proposed rules.

WSEO's duties in connection with nuclear waste storage and disposal facilities are repealed.

Duties Transferred to GA. WSEO duties regarding life-cycle cost analyses and regarding conservation and cogeneration in governmental facilities are transferred to GA, as are WSEO duties regarding expenditures from the energy efficiency service account.

"Public agencies" is defined and replaces the reference to "state agencies and school districts in the energy efficiency services account statute.

Duties Transferred to DOT. The WSEO role in the Commute Trip Reduction Program and Task Force is transferred to DOT. A report on this transfer is required.

Duties Transferred to WSU. Duties regarding alternative fuels and clean-vehicle technologies and assisting in preparation of a biennial report to the Legislature are transferred to WSU.

In addition, the following duties concerning energy education, applied research, and technology transfer programs are transferred to WSU: renewable energy, energy software, industrial energy efficiency, education and information, energy ideas clearinghouse, and telecommunications.

Direction is given regarding transitional programs for employees affected by the elimination of the WSEO, including unemployment compensation, health care benefits, and new employment.

Technical Corrections. "Hydroelectric power" is added to the definition of "renewable energy systems."

References to the WSEO are stricken, and statutes are otherwise updated.

**Amended Bill Compared to Substitute Bill:** A striking amendment is adopted. The following additions were made to the bill: repealed language was reinserted allowing state agencies to use third party financing for conservation projects; language was added clarifying that energy employees of Washington State University are exempt from civil service classification; a requirement was added for the Department of Transportation to report on the effects of absorbing the commute trip reduction program; and language was added pertaining to the employees affected by the elimination of the State Energy Office, including up to 12 months of health benefits compensation, up to 30 weeks of unemployment benefits, training services, and career transition services.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 1996.

**Testimony For:** This bill will allow for as smooth a transition as possible when the Energy Office is eliminated.

**Testimony Against:** None.

**Testified:** PRO: Devone Smith, WFSE; Gerry O'Keefe, OFM; Larry Ganders, WSU.