

HOUSE BILL REPORT

HB 1062

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to energy efficiency.

Brief Description: Regulating the energy efficiency of certain products.

Sponsors: Representatives Morris, Hudgins and Chase; by request of Governor Locke.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/25/05, 2/3/05 [DPS].

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| <p>Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Establishes minimum standards and testing procedures for 13 appliances. |
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HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Morris, Chair; Kilmer, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Ericks, Hudgins, P. Sullivan, Sump, Takko and Wallace.

Minority Report: Do not pass. Signed by 1 member: Representative Nixon.

Staff: Sarah Dylag (786-7109).

Background:

Two federal laws, and their accompanying regulations, govern energy efficiency standards for certain electrical products. The National Appliance Energy Conservation Act of 1987 specifies efficiency standards, testing procedures, and labeling requirements for certain residential appliances such as dishwashers, room air conditioners, and fluorescent-lamp ballasts. The Energy Policy Act of 1992 specifies similar requirements for certain types of industrial equipment such as electric motors, commercial water heaters, and commercial furnaces.

Washington has not adopted state efficiency standards for products not covered by federal law.

Summary of Substitute Bill:

Minimum efficiency standards and testing procedures are established for 13 products not covered by federal law. The efficiency standards apply to retail sales inside the state, except for products installed in mobile manufactured homes at the time of construction and products designed expressly for installation and use in recreational vehicles.

With certain exceptions, all manufacturers of covered products must test and certify their products using specified tests. Manufacturers of covered products must identify their products as in compliance with the state efficiency standards.

The Department of Community, Trade and Economic Development (CTED) is authorized to test covered products. If a product fails its test, the CTED must inform the public of the test results and charge the manufacturer for the cost of purchasing and testing the product.

The CTED may inspect distributors and retailers to determine compliance with the energy efficiency standards. The CTED must investigate alleged violations of the standards. A manufacturer or distributor that repeatedly violates the standards is subject to a civil penalty of not more than \$250.

In January 2010 and every four years thereafter, the CTED must report to the Legislature with an updated list of minimum efficiency standards.

New products, except commercial ice-makers and metal halide lamp fixtures, may not be sold on or after January 1, 2007, if they do not meet or exceed the specified standards. The effective date for new ice-makers and halide lamps is January 1, 2008.

New products, except commercial ice-makers and metal halide lamp fixtures, may not be installed for compensation on or after January 1, 2008, if they do not meet or exceed the specified standards. The effective date for new ice-makers and halide lamps is January 1, 2009.

Substitute Bill Compared to Original Bill:

The substitute clarifies that the benchmark energy savings to be produced by the minimum energy efficiency standards by 2020 are 9 million megawatt-hours of electricity, 13 million therms of natural gas, and 2 billion gallons of water in the year 2020, 14 years after the standards have become effective, with a total net present value to buyers of \$490 million in 2020.

The substitute provides that, instead of conducting a rulemaking to establish new efficiency standards, the CTED shall report to the Legislature with an updated list of minimum energy efficiency standards in January 2010 and every four years thereafter.

The substitute applies penalties for violations to "manufacturers or distributors" instead of "manufacturers, distributors, or retailers."

The substitute removes the authority of the CTED to conduct periodic inspections of distributors or retailers to determine compliance with the standards. The substitute makes a technical change to clarify one of the standards.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The cheapest way to produce more energy is to use it more efficiently. The benefits of these standards include energy efficiency and conservation. There are a number of environmental benefits to these standards. There are also economic benefits to the state from these standards.

These standards also provide opportunity for businesses and consumers. Using more energy efficient products will produce economic savings. For businesses, these standards provide rate stability, quick payback, and do not change the rules of competition. These standards would also benefit consumers because the standards will help businesses become more profitable and more profitable businesses benefit consumers.

Product efficiency standards are also a key component of the power planning for the region. Energy efficiency standards contribute to the state's energy independence and job creation. Reducing demand for natural gas, as these standards are designed to do, will increase security and viability of energy supply.

Testimony Against: Additional input should be added from businesses regarding the technical standards. There should be additional criteria added to the CTED rulemaking authority. Civil penalties should not apply to retailers. Instead, the manufacturer and/or distributor should receive civil penalties for violations, except for situations where the retailer is also the manufacturer or distributor.

There is a concern about the date for implementation and whether small stores could meet that date.

Persons Testifying: (In support) Representative Morris, prime sponsor; Jake Fey, Washington State University Energy Program; David Hewitt, Northwest Energy Efficiency Council; Robert Pregulmen, WashPIRG; Bill LaBorde, Northwest Energy Coalition; and Rich Feldman, Apollo Washington.

(Neutral) Tony Usibelli and Liz Klump, Department of Community, Trade and Economic Development.

(Concerns) Jan Gee, Washington Food Industry and Washington Retail Association.

Persons Signed In To Testify But Not Testifying: Kim Clauson-Hoff, Washington Restaurant Association; and Kristen Sawin, Association of Washington Business.