

# SENATE BILL REPORT

## SB 5649

---

As of February 9, 2009

**Title:** An act relating to achieving greater energy efficiency in buildings.

**Brief Description:** Regarding energy efficiency in buildings.

**Sponsors:** Senators Rockefeller, Hobbs, Pridemore, Kohl-Welles, Keiser, Fraser, Sheldon, Shin, McAuliffe, Kline and Oemig.

**Brief History:**

**Committee Activity:** Environment, Water & Energy: 1/30/09.

---

### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** Jan Odano (786-7486)

**Background:** In the United States, buildings account for 40 percent of total energy consumption and 70 percent of electricity consumption. The benefits of more efficient use of energy include reduced investments in energy infrastructure, lower fossil fuel dependency, improved consumer welfare, and reduced greenhouse gas emissions. Energy efficiency can be achieved by weatherizing homes and buildings. Increased energy efficiency can reduce heating bills on average by up to one-third, sometimes more. Energy efficient homes and commercial buildings have lower energy bills, and may realize other benefits such as reduction in water consumption and therefore lower water and sewer fees and an increase in property value. In addition, implementing avenues to improve home and building energy efficiency can provide jobs for weatherization and related home services.

There are programs available to low-income households to assist with weatherization of homes. The Low-Income Home Energy Assistance Program (LIHEAP) is administered through the Department of Community, Trade and Economic Development (CTED). CTED contracts with 26 community action agencies to provide resources for weatherization projects. In the last fiscal year, the program served 2771 households at an average cost of \$6,400. CTED estimates that there are approximately 300,000 low-income households currently in need. Since 1990, the weatherization program has served over 95,000 households.

In addition, the federal government in its economic stimulus package is proposing to weatherize one million homes per year for the next five years nationwide to improve energy

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

efficiency, reduce the need for foreign oil, to create living wage jobs and stimulate the economy.

**Summary of Bill:** Energy Efficiency Assistance Program. An Energy Efficiency Assistance Program is created within the Energy Office at the Washington State University (WSU). The program must be managed by a director, who is appointed by the president of WSU. The program must coordinate with CTED and other entities providing energy audit and efficiency improvements so as to maximize program assistance for low- and middle-income households and minimize duplication of target populations.

The program provides grants and technical assistance for energy efficiency audits and improvements in residential, commercial buildings and agricultural activities for homes not eligible under LIHEAP, and commercial buildings with an average of less than \$1 million gross annual revenue in the past five years.

Allocation of Grants. The director must allocate the grants on a competitive basis. The criteria for grants includes: fiscal accountability; performance measures; outreach to eligible building owners (priority for funds); cost-effective energy savings; create or maintain living wage jobs; and full suite of services to potential customers.

Farm Energy Assessments. The director must form an interdisciplinary team of agriculture and energy extension agencies to assess opportunities to increase energy efficiency. The team must develop and deploy online energy self-assessment software tools; energy auditor training curricula for agricultural sector; infrastructure of trained energy auditors to assist with on-farm audits and identify cost-share assistance for efficiency improvements.

CTED - LIHEAP. The definition of weatherization is revised to sustainable residential weatherization to allow funding for energy and resource conservation and energy efficiency improvements, repair, and health and safety investments. CTED must encourage proposals that use environmentally sustainable technologies, designs, and practices, and achieve the greatest possible monetary and energy savings over the longest period of time.

Utility Incentives for Energy Efficiency Programs. Qualifying utilities may donate to the energy efficiency assistance account and the low-income weatherization account. For donated funds in the amount equivalent to the market value of a renewable energy credit, the utility will acquire two donation credits towards compliance with their renewable energy target.

Workforce Training. The director must collaborate with the Workforce Training and Education Coordinating Board, State Building and Construction Trades Council, and the State Apprenticeship and Training Council to identify the necessary skills and qualifications required for energy audit and retrofit activities. The Workforce Training and Education Coordinating Board must develop a curriculum of skills training, which includes on the job, classroom, and safety and health training. Funding must be directed to training programs as necessary to meet demands for jobs.

Local Authority for Assisting with Energy Efficiency. A municipality, defined as a city, town, county, or public utility, is authorized to form energy conservation utilities to provide

services that lead to more efficient use of energy resources. These services may include energy provided from any source generated. The municipality has the authority to set rates, and control the use, distribution, and enter into agreements for the maintenance and operation of conservation utilities. Municipalities may provide financial assistance for energy efficiency services. The legislative authority of the city or town sets the terms of loans and repayment. Provisions are made for security of the loan and repayment including collection methods.

Publicly Funded Housing. CTED must review all properties in its Housing Trust Fund real estate portfolio for potential opportunities for energy efficiencies. CTED must prioritize projects based on achieving the greatest expected monetary and energy savings. If funding is made available, CTED must accelerate the review and attempt to complete audits on 25 percent of its properties 20 years or older.

State Agency Buildings. The Department of General Administration (GA) must complete an energy consumption survey for state owned facilities completed by October 1, 2009, and walk-through survey by July 1, 2010. If the walk-through survey identifies potentially cost-effective energy conservation measures, the state agency responsible for the facility must conduct an investment grade audit by December 1, 2010. Agencies must install cost-effective energy conservation measures recommended in the investment grade audit by June 30, 2012. GA must report to the Governor and the Legislature on progress of installation and plans. Agencies implementing energy conservation measures identified above may retain the savings, budgetary restraints provided.

Account Creates Energy Efficiency Audits or Improvements. Funds must be used for energy efficiency audits or improvements that are not LIHEAP federal funds or have federal limitations for low-income weatherization assistance. Gifts, grants, and endowments are allowed from public or private sources.

**Appropriation:** None.

**Fiscal Note:** Requested on January 28, 2009.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: Energy efficiency is the foundation of our energy future. Community partnerships create energy conservation programs, workforce training programs, and developing jobs at family wages. Green jobs should all be supported. The jobs are essential to provide many people with the opportunity to turn their lives around and make a living wage. WSU Energy Office has the requisite services available to carry out the provisions of the bill. Financing programs should be available for multiple programs/sectors. Community banks are ready and willing to participate in this endeavor. Leveraging funds would allow for a broader participation in the programs. This bill will create jobs that will support family wage. The inclusion of the donation credit, the early incentive for conservation and energy efficiency is something that was always envisioned. Residential improvement needs to include a longer timeframe for payback as some of the work done to

the shell of a structure could take up to 20 years to repay. It is important to assess broad farm energy usage beyond electricity, and other inputs such as fertilizers.

CON: This section conflicts with conservation goals of I-937 and hinder qualifying utilities' ability to achieve these goals.

OTHER: Utility incentives section reduces the effectiveness of renewable energy by diluting the eligible renewable originally designated in I-937. We don't want to see funding steered away from low-income housing assistance to those with higher incomes. We want to make sure that the federal stimulus funding is available for low-income assistance projects. Allocation of FTEs are already overenrolled in workforce training programs. The board does not usually tell the programs how to allocate their FTEs.

**Persons Testifying:** PRO: Jake Fey, Washington State University Extension Energy Program; John MacLean, Energy Efficiency Finance Corp.; Tina Bloomer, Washington State Board for Community and Technical Colleges; Bob Markholt, Sound Alliance; Terry Tilton, Washington State Building & Construction Trades Council; Andrew Sanden, Dairy Federation; Greg Provonzono, Columbia Legal Services; Bob Guenther, IBEW-77; Stacy Noland, Moontown Foundation; Jay Gordon, WSDF; Henton Hailey-Marshall, Got Green; Dave Warren, Washington PUD Association; Steven Payne, CTED.

CON: Ken Johnson, Puget Sound Energy.

OTHER: Chuck Eberdt, The Energy Project; Nancy Hirsch, NW Energy Coalition; Jessica Finn-Coven, Climate Solutions.