

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5649

Chapter 379, Laws of 2009

(partial veto)

61st Legislature
2009 Regular Session

ENERGY EFFICIENCY

EFFECTIVE DATE: 05/07/09

Passed by the Senate April 21, 2009
YEAS 30 NAYS 17

BRAD OWEN

President of the Senate

Passed by the House April 16, 2009
YEAS 63 NAYS 34

FRANK CHOPP

Speaker of the House of Representatives

Approved May 7, 2009, 1:33 p.m., with
the exception of section 403 which is
vetoed.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of
the Senate of the State of
Washington, do hereby certify that
the attached is **ENGROSSED SECOND
SUBSTITUTE SENATE BILL 5649** as
passed by the Senate and the House
of Representatives on the dates
hereon set forth.

THOMAS HOEMANN

Secretary

FILED

May 8, 2009

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5649

AS AMENDED BY THE HOUSE

Passed Legislature - 2009 Regular Session

State of Washington 61st Legislature 2009 Regular Session

By Senate Ways & Means (originally sponsored by Senators Rockefeller, Hobbs, Pridemore, Kohl-Welles, Keiser, Fraser, Sheldon, Shin, McAuliffe, Kline, and Oemig)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to achieving greater energy efficiency in
2 buildings; amending RCW 70.164.020, 70.164.040, 70.164.050, and
3 70.164.060; adding new sections to chapter 43.330 RCW; adding a new
4 section to chapter 43.185 RCW; adding a new section to chapter 43.06
5 RCW; adding a new chapter to Title 70 RCW; creating new sections; and
6 declaring an emergency.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 NEW SECTION. **Sec. 1.** FINDINGS. (1) The legislature finds that
9 improving energy efficiency in structures is one of the most cost-
10 effective means to meet energy requirements, and that while there have
11 been significant efficiency savings achieved in the state over the past
12 quarter century, there remains enormous potential to achieve even
13 greater savings. Increased weatherization and more extensive
14 efficiency improvements in residential, commercial, and public
15 buildings achieves many benefits, including reducing energy bills,
16 avoiding the construction of new electricity generating facilities with
17 associated climate change impacts, and creation of family-wage jobs in
18 performing energy audits and improvements.

1 (2) It is the intent of the legislature that financial and
2 technical assistance programs be expanded to direct municipal, state,
3 and federal funds, as well as electric and natural gas utility funding,
4 toward greater achievement of energy efficiency improvements. To this
5 end, the legislature establishes a policy goal of assisting in
6 weatherizing twenty thousand homes and businesses in the state in each
7 of the next five years. The legislature also intends to attain this
8 goal in part through supporting programs that rely on community
9 organizations and that there be maximum family-wage job creation in
10 fields related to energy efficiency.

11 **PART 1**

12 **Energy Efficiency Improvement Program**

13 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this
14 section apply throughout this chapter unless the context clearly
15 requires otherwise.

16 (1) "Customers" means residents, businesses, and building owners.

17 (2) "Direct outreach" means:

18 (a) The use of door-to-door contact, community events, and other
19 methods of direct interaction with customers to inform them of energy
20 efficiency and weatherization opportunities; and

21 (b) The performance of energy audits.

22 (3) "Energy audit" means an assessment of building energy
23 efficiency opportunities, from measures that require very little
24 investment and without any disruption to building operation, normally
25 involving general building operational measures, to low or relatively
26 higher cost investment, such as installing timers to turn off
27 equipment, replacing light bulbs, installing insulation, replacing
28 equipment and appliances with higher efficiency equipment and
29 appliances, and similar measures. The term includes an assessment of
30 alternatives for generation of heat and power from renewable energy
31 resources, including installation of solar water heating and equipment
32 for photovoltaic electricity generation.

33 (4) "Energy efficiency and conservation block grant program" means
34 the federal program created under the energy independence and security
35 act of 2007 (P.L. 110-140).

1 (5) "Energy efficiency services" means energy audits,
2 weatherization, energy efficiency retrofits, energy management systems
3 as defined in RCW 39.35.030, and other activities to reduce a
4 customer's energy consumption, and includes assistance with paperwork,
5 arranging for financing, program design and development, and other
6 postenergy audit assistance and education to help customers meet their
7 energy savings goals.

8 (6) "Low-income individual" means an individual whose annual
9 household income does not exceed eighty percent of the area median
10 income for the metropolitan, micropolitan, or combined statistical area
11 in which that individual resides as determined annually by the United
12 States department of housing and urban development.

13 (7) "Sponsor" means any entity or group of entities that submits a
14 proposal under section 102 of this act, including but not limited to
15 any nongovernmental nonprofit organization, local community action
16 agency, tribal nation, community service agency, public service
17 company, county, municipality, publicly owned electric, or natural gas
18 utility.

19 (8) "Sponsor match" means the share, if any, of the cost of
20 efficiency improvements to be paid by the sponsor.

21 (9) "Weatherization" means making energy and resource conservation
22 and energy efficiency improvements.

23 NEW SECTION. **Sec. 102.** The Washington State University extension
24 energy program is authorized to implement grants for pilot programs
25 providing community-wide urban residential and commercial energy
26 efficiency upgrades. The Washington State University extension energy
27 program must coordinate and collaborate with the department of
28 community, trade, and economic development on the design,
29 administration, and implementation elements of the pilot program.

30 (1) There must be at least three grants for pilot programs, awarded
31 on a competitive basis to sponsors for conducting direct outreach and
32 delivering energy efficiency services that, to the extent feasible,
33 ensure a balance of participation for: (a) Geographic regions in the
34 state; (b) types of fuel used for heating; (c) owner-occupied and
35 rental residences; (d) small commercial buildings; and (e) single-
36 family and multifamily dwellings.

37 (2) The pilot programs must:

1 (a) Provide assistance for energy audits and energy
2 efficiency-related improvements to structures owned by or used for
3 residential, commercial, or nonprofit purposes in specified urban
4 neighborhoods where the objective is to achieve a high rate of
5 participation among building owners within the pilot area;

6 (b) Utilize volunteer support to reach out to potential customers
7 through the use of community-based institutions;

8 (c) Employ qualified energy auditors and energy efficiency service
9 providers to perform the energy audits using recognized energy
10 efficiency and weatherization services that are cost-effective;

11 (d) Select and provide oversight of contractors to perform energy
12 efficiency services. Sponsors shall require contractors to participate
13 in quality control and efficiency training, use workers trained from
14 workforce training and apprentice programs established under chapter .
15 . . , Laws of 2009 (Engrossed Second Substitute House Bill No. 2227) if
16 these workers are available, pay prevailing wages under chapter 39.12
17 RCW, hire from the community in which the program is located, and
18 create employment opportunities for veterans, members of the national
19 guard, and low-income and disadvantaged populations; and

20 (e) Work with customers to secure financing for their portion of
21 the project and apply for and administer utility, public, and
22 charitable funding provided for energy audits and retrofits.

23 (3) The Washington State University extension energy program must
24 give priority to sponsors that can secure a sponsor match of at least
25 one dollar for each dollar awarded.

26 (a) A sponsor may use its own moneys, including corporate or
27 ratepayer moneys, or moneys provided by landlords, charitable groups,
28 government programs, the Bonneville power administration, or other
29 sources to pay the sponsor match.

30 (b) A sponsor may meet its match requirement in whole or in part
31 through providing labor, materials, or other in-kind expenditures.

32 (4)(a) Pilot programs receiving funding must report compliance with
33 performance metrics for each sponsor receiving a grant award. The
34 performance metrics include:

35 (i) Monetary and energy savings achieved;

36 (ii) Savings-to-investment ratio achieved for customers;

37 (iii) Wage levels of jobs created;

1 (iv) Utilization of preapprentice and apprenticeship programs;
2 and

3 (v) Efficiency and speed of delivery of services.

4 (b) Pilot programs receiving funding under this section are
5 required to report to the Washington State University energy extension
6 program on compliance with the performance metrics every six months
7 following the receipt of grants, with the last report submitted six
8 months after program completion.

9 (c) The Washington State University extension energy program shall
10 review the accuracy of these reports and provide a progress report on
11 all grant pilot programs to the appropriate committees of the
12 legislature by December 1st of each year.

13 (5)(a) By December 1, 2009, the Washington State University
14 extension energy program shall provide a report to the governor and
15 appropriate legislative committees on the: Number of grants awarded;
16 number of jobs created or maintained; number and type of individuals
17 trained through workforce training and apprentice programs; number of
18 veterans, members of the national guard, and individuals of low-income
19 and disadvantaged populations employed by pilot programs; and amount of
20 funding provided through the grants as established in subsection (1) of
21 this section and the performance metrics established in subsection (4)
22 of this section.

23 (b) By December 1, 2010, the Washington State University extension
24 energy program shall provide a final report to the governor and
25 appropriate legislative committees on the: Number of grants awarded;
26 number of jobs created or maintained; number and type of individuals
27 trained through workforce training and apprentice programs; number of
28 veterans, members of the national guard, and individuals of low-income
29 and disadvantaged populations employed by pilot programs; and amount of
30 funding provided through the grants as established in subsection (1) of
31 this section and the performance metrics established in subsection (4)
32 of this section.

33 NEW SECTION. **Sec. 103.** FARM ENERGY ASSESSMENTS. (1) The
34 legislature finds that increasing energy costs put farm viability and
35 competitiveness at risk and that energy efficiency improvements on the
36 farm are the most cost-effective way to manage these costs. The

1 legislature further finds that current on-farm energy efficiency
2 programs often miss opportunities to evaluate and conserve all types of
3 energy, including fuels and fertilizers.

4 (2) The Washington State University extension energy program, in
5 consultation with the department of agriculture, shall form an
6 interdisciplinary team of agricultural and energy extension agencies to
7 develop and offer new methods to help agricultural producers assess
8 their opportunities to increase energy efficiency in all aspects of
9 their operations. The interdisciplinary team must develop and deploy:

10 (a) Online energy self-assessment software tools to allow
11 agricultural producers to assess whole-farm energy use and to identify
12 the most cost-effective efficiency opportunities;

13 (b) Energy auditor training curricula specific to the agricultural
14 sector and designed for use by agricultural producers, conservation
15 districts, agricultural extensions, and commodity groups;

16 (c) An effective infrastructure of trained energy auditors
17 available to assist agricultural producers with on-farm energy audits
18 and identify cost-share assistance for efficiency improvements; and

19 (d) Measurement systems for cost savings, energy savings, and
20 carbon emission reduction benefits resulting from efficiency
21 improvements identified by the interdisciplinary team.

22 (3) The Washington State University extension energy program shall
23 seek to obtain additional resources for this section from federal and
24 state agricultural assistance programs and from other sources.

25 (4) The Washington State University extension energy program shall
26 provide technical assistance for farm energy assessment activities as
27 specified in this section.

28 PART 2

29 Low-Income Weatherization Programs

30 **Sec. 201.** RCW 70.164.020 and 1995 c 399 s 199 are each amended to
31 read as follows:

32 (~~Unless the context clearly requires otherwise,~~) The definitions
33 in this section apply throughout this chapter unless the context
34 clearly requires otherwise.

35 (1) "Credit enhancement" means instruments that enhance the

1 security for the payment of the lender's obligations and includes, but
2 is not limited to insurance, letters of credit, lines of credit, or
3 other similar agreements.

4 (2) "Department" means the department of community, trade, and
5 economic development.

6 ~~((+2))~~ (3) "Direct outreach" means:

7 (a) The use of door-to-door contact, community events, and other
8 methods of direct interaction with customers to inform them of energy
9 efficiency and weatherization opportunities; and

10 (b) The performance of energy audits.

11 (4) "Energy ~~((assessment))~~ audit" means an analysis of a dwelling
12 unit to determine the need for cost-effective energy conservation
13 measures as determined by the department.

14 ~~((+3))~~ (5) "Energy efficiency services" means energy audits,
15 weatherization, energy efficiency retrofits, energy management systems
16 as defined in RCW 39.35.030, and other activities to reduce a
17 customer's energy consumption, and includes assistance with paperwork,
18 arranging for financing, program design and development, and other
19 postenergy audit assistance and education to help customers meet their
20 energy savings goals.

21 (6) "Financial institution" means any person doing business under
22 the laws of this state or the United States relating to banks, bank
23 holding companies, savings banks, trust companies, savings and loan
24 associations, credit unions, consumer loan companies, equipment leasing
25 and project finance and the affiliates, subsidiaries, and service
26 corporations thereof.

27 (7) "Household" means an individual or group of individuals living
28 in a dwelling unit as defined by the department.

29 ~~((+4))~~ (8) "Low income" means household income ~~((that is at or~~
30 ~~below one hundred twenty five percent of the federally established~~
31 ~~poverty level))~~ as defined by the department, provided that the
32 definition may not exceed eighty percent of median household income,
33 adjusted for household size, for the county in which the dwelling unit
34 to be weatherized is located.

35 ~~((+5))~~ (9) "Nonutility sponsor" means any sponsor other than a
36 public service company, municipality, public utility district, mutual
37 or cooperative, furnishing gas or electricity used to heat low-income
38 residences.

1 ((+6)) (10) "Residence" means a dwelling unit as defined by the
2 department.

3 ((+7)) (11) "Sponsor" means any entity that submits a proposal
4 under RCW 70.164.040, including but not limited to any local community
5 action agency, tribal nation, community service agency, or any other
6 participating agency or any public service company, municipality,
7 public utility district, mutual or cooperative, or any combination of
8 such entities that jointly submits a proposal.

9 ((+8)) (12) "Sponsor match" means the share(~~(, if any,)~~) of the
10 cost of weatherization to be paid by the sponsor.

11 ((+9)) (13) "Sustainable residential weatherization" or
12 "weatherization" means (~~materials or measures, and their installation,~~
13 ~~that are used to improve the thermal efficiency of a residence~~)
14 activities that use funds administered by the department for one or
15 more of the following: (a) Energy and resource conservation; (b)
16 energy efficiency improvements; (c) repairs, indoor air quality
17 improvements, and health and safety improvements; and (d) client
18 education. Funds administered by the department for activities
19 authorized under this subsection may only be used for the preservation
20 of a dwelling unit occupied by a low-income household and must, to the
21 extent feasible, be used to support and advance sustainable
22 technologies.

23 ((+10)) (14) "Weatherizing agency" means any approved department
24 grantee, tribal nation, or any public service company, municipality,
25 public utility district, mutual or cooperative, or other entity that
26 bears the responsibility for ensuring the performance of weatherization
27 of residences under this chapter and has been approved by the
28 department.

29 **Sec. 202.** RCW 70.164.040 and 1987 c 36 s 4 are each amended to
30 read as follows:

31 (1) The department shall solicit proposals for low-income
32 weatherization programs from potential sponsors. A proposal shall
33 state the amount of the sponsor match, the amount requested (~~from the~~
34 ~~low-income weatherization assistance account~~), the name of the
35 weatherizing agency, and any other information required by the
36 department.

1 (2)(a) A sponsor may use its own moneys, including corporate or
2 ratepayer moneys, or moneys provided by landlords, charitable groups,
3 government programs, the Bonneville power administration, or other
4 sources to pay the sponsor match.

5 (b) Moneys provided by a sponsor pursuant to requirements in this
6 section shall be in addition to and shall not supplant any funding for
7 low-income weatherization that would otherwise have been provided by
8 the sponsor or any other entity enumerated in (a) of this subsection.

9 (c) No proposal may require any contribution as a condition of
10 weatherization from any household whose residence is weatherized under
11 the proposal.

12 (d) Proposals shall provide that full levels of all cost-effective,
13 structurally feasible, __ sustainable __ residential __ weatherization
14 materials, measures, and practices, as determined by the department,
15 shall be installed when a low-income residence is weatherized.

16 (3)(a) The department may in its discretion accept, accept in part,
17 or reject proposals submitted. The department shall allocate funds
18 appropriated from the low-income weatherization assistance account
19 among proposals accepted or accepted in part so as to:

20 (i) Achieve the greatest possible expected monetary and energy
21 savings by low-income households and other energy consumers ((and))
22 over the longest period of time;

23 (ii) Identify and correct, to the extent practical, health and
24 safety problems for residents of low-income households, including
25 asbestos, lead, and mold hazards;

26 (iii) Create family-wage jobs that may lead to careers in the
27 construction trades or in the energy efficiency sectors; and

28 (iv) Leverage, to the extent feasible, environmentally friendly
29 sustainable technologies, practices, and designs.

30 (b) The department shall, to the extent feasible, ensure a balance
31 of participation in proportion to population among low-income
32 households for: ((+a)) (i) Geographic regions in the state; ((+b))
33 (ii) types of fuel used for heating, except that the department shall
34 encourage the use of energy efficient sustainable technologies; ((+c))
35 (iii) owner-occupied and rental residences; and ((+d)) (iv) single-
36 family and multifamily dwellings.

37 (c) The department shall give priority to the weatherization of

1 dwelling units occupied by low-income households with incomes at or
2 below one hundred twenty-five percent of the federally established
3 poverty level.

4 (d) The department may allocate funds to a nonutility sponsor
5 without requiring a sponsor match if the department determines that
6 such an allocation is necessary to provide the greatest benefits to
7 low-income residents of the state.

8 (e) The department shall require sponsors to employ individuals
9 trained from workforce training and apprentice programs established
10 under chapter . . . , Laws of 2009 (Engrossed Second Substitute House
11 Bill No. 2227) if these workers are available, pay prevailing wages
12 under chapter 39.12 RCW, hire from the community in which the program
13 is located, and create employment opportunities for veterans, members
14 of the national guard, and low-income and disadvantaged populations.

15 (4)(a) A sponsor may elect to: (i) Pay a sponsor match as a lump
16 sum at the time of weatherization, or (ii) make yearly payments to the
17 low-income weatherization assistance account over a period not to
18 exceed ten years. If a sponsor elects to make yearly payments, the
19 value of the payments shall not be less than the value of the lump sum
20 payment that would have been made under (a)(i) of this subsection.

21 (b) The department may permit a sponsor to meet its match
22 requirement in whole or in part through providing labor, materials, or
23 other in-kind expenditures.

24 (5) Programs receiving funding under this section must report to
25 the department every six months following the receipt of a grant
26 regarding the number of dwelling units weatherized, the number of jobs
27 created or maintained, and the number of individuals trained through
28 workforce training and apprentice programs, with the last report
29 submitted six months after program completion. The director of the
30 department shall review the accuracy of these reports.

31 (6) The department shall adopt rules to carry out this section.

32 **Sec. 203.** RCW 70.164.050 and 1987 c 36 s 5 are each amended to
33 read as follows:

34 (1) The department is responsible for ensuring that sponsors and
35 weatherizing agencies comply with the state laws, the department's
36 rules, and the sponsor's proposal in carrying out proposals.

1 (2) Before a residence is weatherized, the department shall require
2 that an energy ((assessment)) audit be conducted.

3 (3) To the greatest extent practicable and allowable under federal
4 rules and regulations, the department shall maximize available federal
5 low-income home energy assistance program funding for weatherization
6 projects.

7 **Sec. 204.** RCW 70.164.060 and 1987 c 36 s 6 are each amended to
8 read as follows:

9 Before a leased or rented residence is weatherized, written
10 permission shall be obtained from the owner of the residence for the
11 weatherization. The department shall adopt rules to ensure that: (1)
12 The benefits of weatherization assistance ((in connection with a leased
13 or — rented — residence)), including utility bill reduction and
14 preservation of affordable housing stock, accrue primarily to low-
15 income tenants occupying a leased or rented residence; (2) as a result
16 of weatherization provided under this chapter, the rent on the
17 residence is not increased and the tenant is not evicted; and (3) as a
18 result of weatherization provided under this chapter, no undue or
19 excessive enhancement occurs in the value of the residence. This
20 section is in the public interest and any violation by a landlord of
21 the rules adopted under this section shall be an act in trade or
22 commerce violating chapter 19.86 RCW, the consumer protection act.

23 NEW SECTION. **Sec. 205.** A new section is added to chapter 43.330
24 RCW to read as follows:

25 (1) The department must: (a) Establish a process to award grants
26 on a competitive basis to provide grants to financial institutions for
27 the purpose of creating credit enhancements, such as loan loss reserve
28 funds as specified in sections 206 and 208 of this act, and consumer
29 financial products and services that will be used to obtain energy
30 efficiency services; and (b) develop criteria, in consultation with the
31 department of financial institutions, regarding the extent to which
32 funds will be provided for the purposes of credit enhancements and set
33 forth principles for accountability for financial institutions
34 receiving funding for credit enhancements.

35 (2) The department must:

1 (a) Give priority to financial institutions that provide both
2 consumer financial products or services and direct outreach;

3 (b) Approve any financing mechanisms offered by local
4 municipalities under section 208 of this act; and

5 (c) Require any financial institution or other entity receiving
6 funding for credit enhancements to:

7 (i) Provide books, accounts, and other records in such a form and
8 manner as the department may require;

9 (ii) Provide an estimate of projected loan losses; and

10 (iii) Provide the financial institution's plan to manage loan loss
11 risks, including the rationale for sizing a loan loss reserve and the
12 use of other credit enhancements, as applicable.

13 NEW SECTION. **Sec. 206.** A new section is added to chapter 43.330
14 RCW to read as follows:

15 PROMOTING THE INVOLVEMENT OF FINANCIAL INSTITUTIONS IN FINANCING
16 ENERGY EFFICIENCY PROJECTS--FINDINGS AND INTENT. (1) The legislature
17 finds that the creation and use of risk reduction mechanisms will
18 promote greater involvement of local financial institutions and other
19 financing mechanisms in funding energy efficiency improvements and will
20 achieve greater leverage of state and federal dollars. Risk reduction
21 mechanisms will allow financial institutions to lend to a broader pool
22 of applicants on more attractive terms, such as potentially lower rates
23 and longer loan terms. Placing a portion of funds in long-term risk
24 reduction mechanisms will support a sustained level of energy
25 efficiency investment by financial institutions while providing funding
26 to projects quickly.

27 (2) It is the intent of the legislature to leverage new federal
28 funding aimed at promoting energy efficiency projects, improving energy
29 efficiency, and increasing family-wage jobs. To this end, the
30 legislature intends to invest a portion of all federal funding, subject
31 to federal requirements, for energy efficiency projects in financial
32 mechanisms that will provide for maximum leverage of financing.

33 NEW SECTION. **Sec. 207.** A new section is added to chapter 43.330
34 RCW to read as follows:

35 The department may create an appliance efficiency rebate program

1 with available funds from the energy efficient appliances rebate
2 program authorized under the federal energy policy act of 2005 (P.L.
3 109-58).

4 NEW SECTION. **Sec. 208.** A new section is added to chapter 43.330
5 RCW to read as follows:

6 PROMOTING THE INVOLVEMENT OF FINANCIAL INSTITUTIONS IN FINANCING
7 ENERGY EFFICIENCY PROJECTS. (1) Local municipalities receiving federal
8 stimulus moneys through the federal energy efficiency and conservation
9 block grant program or state energy program are authorized to use those
10 funds, subject to federal requirements, to establish loan loss reserves
11 or toward risk reduction mechanisms, such as loan loss reserves, to
12 leverage financing for energy efficiency projects.

13 (2) Interest rate subsidies, financing transaction cost subsidies,
14 capital grants to energy users, and other forms of grants and
15 incentives that support financing energy efficiency projects are
16 authorized uses of federal energy efficiency funding.

17 (3) Financing mechanisms offered by local municipalities under this
18 section must conform to all applicable state and federal rules and
19 regulations.

20 NEW SECTION. **Sec. 209.** A new section is added to chapter 43.330
21 RCW to read as follows:

22 PROMOTING THE INVOLVEMENT OF STATE-CHARTERED BOND AUTHORITIES IN
23 FINANCING ENERGY EFFICIENCY PROJECTS. (1) The legislature finds that
24 the state bond authorities have capacities that can be applied to
25 financing energy efficiency projects for their respective eligible
26 borrowers: Washington economic development finance authority for
27 industry; Washington state housing finance commission for single-family
28 and multifamily housing, commercial properties, agricultural
29 properties, and nonprofit facilities; Washington higher education
30 facilities authority for private, nonprofit higher education; and
31 Washington health care facilities authority for hospitals and all types
32 of health clinics.

33 (2)(a) Subject to federal requirements, the state bond authorities
34 may accept and administer an allocation of the state's share of the
35 federal energy efficiency funding for designing energy efficiency
36 finance loan products and for developing and operating energy

1 efficiency finance programs. The state bond authorities shall
2 coordinate with the department on the design of the bond authorities'
3 program.

4 (b) The department may make allocations of the federal funding to
5 the state bond authorities and may direct and administer funding for
6 outreach, marketing, and delivery of energy services to support the
7 programs by the state bond authorities.

8 (c) The legislature authorizes a portion of the federal energy
9 efficiency funds to be used by the state bond authorities for credit
10 enhancements and reserves for such programs.

11 (3) The Washington state housing finance commission may:

12 (a) Issue revenue bonds as the term "bond" is defined in RCW
13 43.180.020 for the purpose of financing loans for energy efficiency and
14 renewable energy improvement projects in accordance with RCW
15 43.180.150;

16 (b) Establish eligibility criteria for financing that will enable
17 it to choose applicants who are likely to repay loans made or acquired
18 by the commission and funded from the proceeds of federal funds or
19 commission bonds; and

20 (c) Participate fully in federal and other governmental programs
21 and take such actions as are necessary and consistent with chapter
22 43.180 RCW to secure to itself and the people of the state the benefits
23 of programs to promote energy efficiency and renewable energy
24 technologies.

25 **PART 3**

26 **Energy Efficiency in Publicly Funded Housing**

27 NEW SECTION. **Sec. 301.** A new section is added to chapter 43.185
28 RCW to read as follows:

29 ENERGY AUDITS AND RETROFITS IN PUBLICLY FUNDED HOUSING. (1) The
30 legislature finds that growing preservation and rehabilitation needs in
31 the housing trust fund property portfolio provide opportunities to
32 advance energy efficiency and weatherization efforts for low-income
33 individuals in Washington state while protecting the state's six
34 hundred million dollars in affordable housing investments.
35 Preservation of existing affordable housing, when done in conjunction
36 with weatherization activities, is a cost-effective, prudent, and

1 environmentally friendly strategy to ensure that low-income housing
2 remains durable, safe, and affordable. Therefore, the legislature
3 intends that where federal funds are available for increasing and
4 improving energy efficiency of low-income housing that these funds must
5 be utilized, subject to federal requirements, for energy audits and
6 implementing energy efficiency measures in the state housing trust fund
7 real estate portfolio.

8 (2) The department shall review all housing properties in the
9 housing trust fund real estate portfolio and identify those in need of
10 major renovation or rehabilitation. In its review, the department
11 shall survey property owners for information including, but not limited
12 to, the age of the building and the type of heating, cooling, plumbing,
13 and electrical systems contained in the property. The department shall
14 prioritize all renovation or rehabilitation projects identified in the
15 review by the department's ability to:

16 (a) Achieve the greatest possible expected monetary and energy
17 savings by low-income households and other energy consumers over the
18 greatest period of time;

19 (b) Promote the greatest possible health and safety improvements
20 for residents of low-income households; and

21 (c) Leverage, to the extent feasible, technologically advanced and
22 environmentally friendly sustainable technologies, practices, and
23 designs.

24 (3) Subject to the availability of amounts appropriated for this
25 specific purpose, the department shall use the prioritization of
26 potential energy efficiency needs and opportunities in subsection (2)
27 of this section to make offers of energy audit services to project
28 owners and operators. The department shall use all practicable means
29 to achieve the completion of energy audits in at least twenty-five
30 percent of the properties in its portfolio that exceed twenty-five
31 years in age, by June 30, 2011. Where the energy audits identify cost-
32 effective weatherization and other energy efficiency measures, the
33 department shall accord a priority within appropriated funding levels
34 to include funding for energy efficiency improvements when the
35 department allocates funding for renovation or rehabilitation of the
36 property.

1 PART 4

2 Miscellaneous

3 NEW SECTION. Sec. 401. Sections 101 through 103 of this act
4 constitute a new chapter in Title 70 RCW.

5 NEW SECTION. Sec. 402. Captions and part headings used in this
6 act are not any part of the law.

7 **NEW SECTION. Sec. 403. A new section is added to chapter 43.06*
8 *RCW to read as follows:*

9 *The governor shall designate an existing full-time equivalent*
10 *position within state government as the single point of accountability*
11 *for all energy and climate change initiatives within state agencies.*
12 *All agencies, councils, or work groups with energy or climate*
13 *initiatives must coordinate with the person in this designated*
14 *position.*

**Sec. 403 was vetoed. See message at end of chapter.*

15 NEW SECTION. Sec. 404. If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

19 NEW SECTION. Sec. 405. This act is necessary for the immediate
20 preservation of the public peace, health, or safety, or support of the
21 state government and its existing public institutions, and takes effect
22 immediately.

Passed by the Senate April 21, 2009.

Passed by the House April 16, 2009.

Approved by the Governor May 7, 2009, with the exception of
certain items that were vetoed.

Filed in Office of Secretary of State May 8, 2009.

Note: Governor's explanation of partial veto is as follows:

"I have approved, except for Section 403, Engrossed Second Substitute
Senate Bill 5649 entitled:

"AN ACT Relating to achieving greater energy efficiency in
buildings."

Section 403 of the bill requires the Governor to designate a single
point of accountability for all energy and climate change initiatives
within state agencies. This language duplicates the requirements
contained in Substitute Senate Bill 5921, Section 4(1). I signed
Substitute Senate Bill 5921 on May 4, 2009. As a result, this

provision is not needed and I have vetoed Section 403 of Engrossed Second Substitute Senate Bill 5649.

Some stakeholders have expressed concerns regarding Section 202 of Engrossed Second Substitute Senate Bill 5649. Section 202 of the bill establishes new employment and reporting requirements for the state's existing low income weatherization program. It will be important to implement these new requirements in a manner that allows the local community action agencies and their funding sponsors to comply efficiently and effectively with the new requirements. To that end, I will direct the Department of Commerce to prepare administrative rules immediately to address the interpretation of the new requirements.

With the exception of Section 403, Engrossed Second Substitute Senate Bill 5649 is approved."