

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1976

68th Legislature
2024 Regular Session

Passed by the House February 7, 2024
Yeas 97 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate February 29,
2024
Yeas 47 Nays 2

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1976** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 1976

Passed Legislature - 2024 Regular Session

State of Washington

68th Legislature

2024 Regular Session

By Representatives Fosse, Doglio, Fitzgibbon, Ramel, Reed, Lekanoff, Reeves, and Pollet; by request of Department of Commerce

Prefiled 12/19/23. Read first time 01/08/24. Referred to Committee on Environment & Energy.

1 AN ACT Relating to changing the incentive structure for tier 1
2 and tier 2 buildings; and amending RCW 19.27A.220.

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

4 **Sec. 1.** RCW 19.27A.220 and 2022 c 177 s 4 are each amended to
5 read as follows:

6 (1) The department must establish a state energy performance
7 standard early adoption incentive program consistent with the
8 requirements of this section. This early adoption incentive program
9 may include incentive payments for early adoption of tier 2 covered
10 building owner requirements as described in subsection (6) of this
11 section.

12 (2) The department must adopt application and reporting
13 requirements for the incentive program. Building energy reporting for
14 the incentive program must be consistent with the energy reporting
15 requirements established under RCW 19.27A.210.

16 (3) Upon receiving documentation demonstrating that a building
17 owner qualifies for an incentive under this section, the department
18 must authorize each applicable entity administering incentive
19 payments, as provided in RCW 19.27A.240, to make an incentive payment
20 to the building owner. When a building is served by more than one
21 entity offering incentives or more than one type of fuel, incentive

1 payments must be proportional to the energy use intensity reduction
2 of each specific fuel provided by each entity for tier 1 buildings.
3 The department may authorize any participating utility, regardless of
4 fuel specific savings, serving a tier 2 building to administer the
5 incentive payment.

6 (4) A covered building owner may receive an incentive payment in
7 the amounts specified in subsection (8)(a) of this section only if
8 the following requirements are met:

9 (a) The building is either: (i) A covered commercial building
10 subject to the requirements of the standard established under RCW
11 19.27A.210; or (ii) a multifamily residential building where the
12 floor area exceeds 50,000 gross square feet, excluding the parking
13 garage area;

14 (b) The building's baseline energy use intensity exceeds its
15 applicable energy use intensity target by at least 15 energy use
16 intensity units;

17 (c) At least one electric utility, gas company, or thermal energy
18 company providing or delivering energy to the covered commercial
19 building or multifamily residential building is participating in the
20 incentive program by administering incentive payments as provided in
21 RCW 19.27A.240; and

22 (d) The building owner complies with any other requirements
23 established by the department.

24 (5) A covered building owner who meets the requirements of
25 subsection (4) of this section may submit an application to the
26 department for an incentive payment in a form and manner prescribed
27 by the department. The application must be submitted in accordance
28 with the following schedule:

29 (a) For a building with more than 220,000 gross square feet,
30 beginning July 1, 2021, through June 1, 2025;

31 (b) For a building with more than 90,000 gross square feet but
32 less than 220,001 gross square feet, beginning July 1, 2021, through
33 June 1, 2026; and

34 (c) For a building with more than 50,000 gross square feet but
35 less than 90,001 gross square feet, beginning July 1, 2021, through
36 June 1, 2027.

37 (6)(a) A tier 2 covered building owner may receive an incentive
38 payment in the amounts specified in subsection (8)(b) of this section
39 only if all required benchmarking, energy management, and operations
40 and maintenance planning documentation as required under RCW

1 19.27A.250 has been submitted to the department and an incentive
2 application has been completed.

3 (b) An eligible tier 2 covered building owner may submit an
4 application beginning July 1, 2025, through June 1, 2030.

5 (7) The department must review each application and determine
6 whether the applicant is eligible for the incentive program and if
7 funds are available for the incentive payment within the limitation
8 established in RCW 19.27A.230. If the department certifies an
9 application, it must provide verification to the building owner and
10 each entity participating as provided in RCW 19.27A.240 and providing
11 service to the building owner.

12 (8)(a) An eligible owner of a tier 1 covered building or an
13 eligible owner of a multifamily residential building greater than
14 50,000 gross square feet, excluding the parking area, that
15 demonstrates early compliance with the applicable energy use
16 intensity target under the standard established under RCW 19.27A.210
17 may receive a base incentive payment of 85 cents per gross square
18 foot of floor area, excluding parking, unconditioned, or
19 semiconditioned spaces. The department may provide incentives greater
20 than the base incentive payment for upgrading tier 1 buildings.

21 (b) A tier 2 eligible building owner that demonstrates compliance
22 with the applicable benchmarking, energy management, and operations
23 and maintenance planning requirements may receive a base incentive
24 payment of 30 cents per gross square foot of floor area, excluding
25 parking, unconditioned, or semiconditioned spaces. The department may
26 provide incentives greater than the base incentive payment for
27 upgrading tier 2 buildings. The department may implement a tiered
28 incentive structure for upgrading multifamily buildings to provide an
29 enhanced incentive payment to multifamily building owners willing to
30 commit to antidisplacement provisions.

31 (9) The incentives provided in subsection (8) of this section are
32 subject to the limitations and requirements of this section,
33 including any rules or procedures implementing this section.

34 (10) The department must establish requirements for the
35 verification of energy consumption by the building owner and each
36 participating electric utility, gas company, and thermal energy
37 company.

38 (11) The department must provide an administrative process for an
39 eligible building owner to appeal a determination of an incentive
40 eligibility or amount.

1 (12) By September 30, 2025, and every two years thereafter, the
2 department must report to the appropriate committees of the
3 legislature on the results of the incentive program under this
4 section and may provide recommendations to improve the effectiveness
5 of the program. The 2025 report to the legislature must include
6 recommendations for aligning the incentive program established under
7 this section consistent with a goal of reducing greenhouse gas
8 emissions from substitutes, as defined in RCW 70A.60.010.

9 (13) The department may adopt rules to implement this section.

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