

2 **SHB 1022** - H COMM AMD **Failed 3-20-91**

3 By Committee on Capital Facilities & Financing

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** A new section is added to chapter 43.21F
8 RCW to read as follows:

9 The legislature finds that the citizens of the state are vitally
10 affected by the development and use of energy. In order to further the
11 interests of the state, a strategy to guide policies and actions
12 impacting energy is needed. A state energy strategy should foster the
13 development of adequate, reliable, secure, economical, and
14 environmentally acceptable energy supplies. A state energy strategy
15 must provide a means by which the various elements of public policy,
16 such as preservation of the quality of the environment, public health
17 and welfare, and economic development are given proper and
18 appropriately balanced consideration in decisions affecting energy
19 supply and use. Such a strategy must be objective in its consideration
20 of energy alternatives and facilitate the efficient operation of energy
21 markets. It must also recognize the basic responsibility that
22 utilities and other energy suppliers have in delivering energy to the
23 citizens of the state. A state energy strategy must also assure that
24 decisions and actions in other areas of public policy, such as
25 transportation, land use, and protection of the environment take into
26 consideration their impact on energy supply and use.

27 The legislature directs the development of a state energy strategy
28 that is intended to achieve the foregoing goals. The strategy shall

1 identify significant issues; develop a framework for evaluating
2 policies and actions that affect energy supply and use; establish goals
3 to guide energy-related decisions; recommend appropriate energy
4 policies; and make clear the relevant costs, benefits, risks, and
5 trade-offs.

6 The legislature further finds that state-funded facilities have
7 significant opportunities for improving the efficiency of their energy
8 use. Implementing such improvements would save public funds and serve
9 as a model of energy-efficient operation and management for the
10 citizens of the state. To accomplish this goal, the legislature
11 directs the establishment of a new program for the effective management
12 of expenditures for energy in public facilities and for the
13 demonstration of the efficient use of energy in public facilities."

14 "NEW SECTION. **Sec. 2.** A new section is added to chapter 43.21F
15 RCW to read as follows:

16 (1) The state energy office shall develop a state energy strategy.
17 The strategy shall be developed in consultation with an advisory
18 committee. The advisory committee shall include eighteen members and
19 represent different regions of the state, including thirteen citizens
20 from the following groups: One person employed by an investor-owned
21 electric utility, one person employed by an investor-owned natural gas
22 utility, one person employed by a supplier of petroleum products, one
23 person employed by a publicly owned electric utility, one person
24 employed by an industrial energy user, one person employed by a
25 commercial energy user, one person employed by an agricultural energy
26 user, two persons representing local government, two persons
27 representing civic organizations, and two representatives of
28 environmental organizations. In addition, the advisory committee shall
29 include one of the representatives of the state of Washington to the

1 pacific northwest electric power and conservation planning council
2 selected by the governor; the chair of the energy facility site
3 evaluation council; one member of the utilities and transportation
4 commission selected by the chair of the commission; one member of the
5 house of representatives selected by the speaker of the house of
6 representatives; and one member of the senate selected by the majority
7 leader of the senate. The director may establish technical advisory
8 groups as necessary to assist in the development of the strategy. The
9 director shall provide for extensive public involvement throughout the
10 development of the strategy.

11 (2) The state energy strategy shall consider all forms of energy
12 and each major sector of energy consumption and shall:

13 (a) Assess future needs of the state for each form of energy;

14 (b) Identify measures to assist in maintaining adequate, reliable,
15 secure, economic, and environmentally acceptable supplies;

16 (c) Identify and, to the extent possible, quantify the costs and
17 benefits of energy alternatives including direct economic costs and
18 benefits, environmental costs and benefits, and the costs of inadequate
19 or unreliable energy supplies;

20 (d) Develop a framework in which public decisions and actions
21 affecting energy supply and use can be evaluated including the impact
22 of decisions in other areas of public policy on energy supply and cost
23 and on the use of energy and the establishment of goals to guide
24 energy-related decisions;

25 (e) Evaluate the future role of the state energy office and means
26 of financing those activities determined essential to the state; and

27 (f) Recommend energy goals and policies to the governor and the
28 legislature.

29 (3) In developing the state energy strategy, the state energy
30 office shall:

1 (a) Ensure that the information developed is objective and
2 impartial and facilitates the effective and efficient operation of
3 energy markets but shall not mandate the use of one energy source over
4 another;

5 (b) Draw upon existing public and private sector information and
6 expertise in energy matters to the fullest extent possible through
7 consultation and cooperation;

8 (c) Recognize the planning horizons required for each segment of
9 the energy industry and need for state actions and decisions to take
10 those planning horizons into consideration; and

11 (d) Ensure that the strategy is coordinated with the energy
12 planning activities of federal, state, and private entities and does
13 not duplicate what is already available.

14 (4) The energy office shall provide a progress report to the house
15 of representatives and senate committees on energy and utilities in
16 January 1992. A final report shall be provided to the governor and the
17 legislature by December 1, 1992."

18 NEW SECTION. **Sec. 3.** Unless the context clearly requires
19 otherwise, the definitions in this section apply throughout this
20 chapter.

21 (1) "Cogeneration" means the sequential generation of two or more
22 forms of energy from a common fuel or energy source but does not
23 include district heating and cooling. If these forms are electricity
24 and thermal energy, then the operating and efficiency standards
25 established by 18 C.F.R. Sec. 292.205 and the definitions established
26 by 18 C.F.R. 292.202 (c) through (m) apply.

27 (2) "Conservation" means reduced energy consumption or energy cost,
28 or increased efficiency in the use of energy, and activities, measures,

1 or equipment designed to achieve such results, but does not include
2 district heating and cooling, or electric production from cogeneration.

3 (3) "Cost-effective" means providing positive net present value
4 with a discount rate set equal to the cost of public borrowing.

5 (4) "District heating and cooling" means the production of thermal
6 energy at a public facility and its sale for distribution or use or
7 both, in buildings that are not part of the same facility.

8 (5) "Energy" means energy as defined in RCW 43.21F.025(1).

9 (6) "Energy efficiency" means conservation, cogeneration, district
10 heating and cooling, or the use of alternative energy resources.

11 (7) "Energy office" means the Washington state energy office.

12 (8) "Host agency" means the state agency or school district
13 responsible for the public facility at which an energy efficiency
14 measure or project is or may be implemented.

15 (9) "Person" means a natural person, private or public corporation,
16 partnership, or association, or a combination thereof.

17 (10) "Project" means a project or projects designed to result in
18 energy efficiency.

19 (11) "Public facility" means a building or structure, or a group of
20 buildings or structures at a single site, owned by a state agency or
21 school district.

22 (12) "State agency" means every state office or department, whether
23 elective or appointive, state institutions of higher education, and all
24 boards, commissions, or divisions of state government, however
25 designated.

26 (13) "State facility" means a building or structure, or a group of
27 buildings or structures at a single site, owned by a state agency.

28 (14) "Utility" means privately or publicly owned electric, gas, and
29 heating utilities, electric cooperatives, and federal power marketing
30 agencies, whether located within or without Washington state."

1 "NEW SECTION. Sec. 4. (1) State agencies and school districts
2 shall pursue and maintain efficient operation of their facilities in
3 order to minimize energy consumption and related environmental impacts
4 and reduce operating costs.

5 (2) The energy office shall assist state agencies and school
6 districts and host agencies in identifying, evaluating, and
7 implementing cost-effective energy efficiency projects at public
8 facilities. The assistance shall include notifying state agencies and
9 school districts of their responsibilities under this chapter;
10 apprising them of opportunities to develop and finance such projects;
11 providing technical and analytical support; reviewing verification
12 procedures for energy savings; and assisting in the structuring and
13 arranging of financing for projects expected to result in reduced
14 energy use or costs, increased energy efficiency, or other net benefits
15 for state agencies, school districts, and the state. The energy office
16 shall comply with the requirements of chapter 39.80 RCW when
17 contracting for architectural or engineering services. The energy
18 office shall recover costs for such assistance through written
19 agreements, including reimbursement from third parties participating in
20 such projects, for any costs and expenses incurred in providing such
21 assistance.

22 (3) Local gas and electric utilities shall be provided an
23 opportunity to participate with the energy office and host agencies in
24 the development of cogeneration projects at state and school district
25 facilities which they serve. For the purposes of this section,
26 development includes design and feasibility studies, construction,
27 financing, and contract negotiations for purchase of electricity, sale
28 of thermal energy, and purchase of natural gas. To facilitate such
29 participation, state institutions and school districts, in consultation
30 with the energy office, shall have the authority to enter into direct

1 negotiations with the local utility. The opportunity to participate
2 shall be offered to the local utility in the following manner:

3 (a) Prior to beginning a study of cogeneration project feasibility,
4 the host agency in consultation with the energy office shall notify the
5 local utility.

6 (b) If the local utility is interested in such participation,
7 within sixty days of receipt of such notification it shall inform the
8 host agency and the energy office of its intent and willingness to
9 enter into direct negotiations and as to the nature and scope of its
10 desired participation.

11 (c) Any negotiations resulting from such notification shall be
12 conducted in good faith by all parties.

13 (4) The energy office shall consult with the local gas and electric
14 utilities to develop priorities for energy conservation projects
15 pursuant to this chapter, cooperate where possible with existing
16 utility programs, and consult with the local gas and electric utilities
17 prior to implementing projects in their service territory. Gas and
18 electric utilities shall be offered the opportunity to participate in
19 the development of conservation projects. Electric utilities who are
20 firm power requirements customers of a federal power marketing agency
21 shall be offered the opportunity to participate in the following
22 manner:

23 (a) Before initiating projects in the utility service territory,
24 the energy office shall notify the local electric utility of state
25 agency or school district facilities that the energy office has
26 targeted for energy conservation projects.

27 (b) Within sixty days of receipt of this notification, the local
28 electric utility may express interest in these projects by submitting
29 to the energy office a proposal describing the role the utility is

1 willing to play in developing and acquiring the conservation at these
2 facilities.

3 (c) Upon receipt of this proposal, the energy office shall, through
4 discussions with the local utility, and with involvement from state
5 agencies and school districts, develop a plan for coordinated delivery
6 of conservation services, financing, and utility payment for electric
7 energy conservation to state agency and school district facilities in
8 the utility's service territory. The plan shall identify the local
9 utility in roles that the utility is willing and able to perform and
10 that are consistent with the provisions of section 5(3)(f) of this
11 act."

12 "NEW SECTION. **Sec. 5.** (1) The energy office shall, in
13 coordination with electric and gas utilities and host agencies,
14 facilitate the sale or transmission of energy generated and the sale of
15 energy saved at state agencies and school districts.

16 (2) State agencies and school districts shall notify the energy
17 office at least thirty days in advance of submitting an offer to a
18 utility or responding to an offer from a utility for the sale of energy
19 generated or saved at their facilities.

20 (3) To ensure an equitable allocation of benefits to the state and
21 to host agencies, the following conditions shall apply to transactions
22 between utilities and state agencies or school districts for sales of
23 energy generated or saved:

24 (a) The transaction shall be approved by both the energy office and
25 the host agency.

26 (b) The energy office and the host agency shall work together
27 throughout the planning and negotiation process for such transactions
28 unless the energy office determines that its participation will not
29 further the purposes of this section.

1 (c) When the energy office is involved in a proposed transaction it
2 shall negotiate directly with utilities who are parties to the
3 transaction.

4 (d) Before making a decision under (e) of this subsection, the
5 energy office shall review the proposed transaction for its technical
6 and economic feasibility, the adequacy and reasonableness of procedures
7 proposed for verification of project or program performance, the degree
8 of certainty of benefits, the degree of risk assumed by the state or
9 school district, the benefits offered to the state or school district
10 relative to the value of the resource to the utility, and such other
11 factors as the energy office determines to be prudent.

12 (e) The energy office shall approve a transaction unless it finds,
13 pursuant to the review in (d) of this subsection, that the transaction
14 would not result in an equitable allocation of costs and benefits, in
15 which case the transaction shall be disapproved.

16 (f) In addition to the requirements of (d) and (e) of this
17 subsection, in areas in which a federal power marketing agency has a
18 program for the purchase of energy saved at public facilities, the
19 energy office shall approve the transaction unless the local utility
20 cannot offer a substantially equivalent benefit to that offered by the
21 federal power marketing agency, in which case the transaction shall be
22 disapproved. In determining whether the local utility is offering a
23 substantially equivalent benefit, the energy office shall consider the
24 net present value of the payment saved energy; any goods, services, or
25 financial assistance provided by the utility; and any risks borne by
26 the utility. Any direct negative financial impact on a nongrowing
27 utility shall be considered.

28 (4) Any party to a potential transaction may, within thirty days of
29 any decision to disapprove a transaction made pursuant to subsection
30 (3) (d), (e), or (f) of this section, request an independent reviewer

1 who is mutually agreeable to all parties to the transaction to review
2 the decision to disapprove. The parties shall within thirty days of
3 selection submit to the independent reviewer documentation supporting
4 their positions. The independent reviewer shall render advice
5 regarding the validity of the disapproval within an additional thirty
6 days."

7 "NEW SECTION. Sec. 6. Nothing in this act authorizes any state
8 agency or school district to construct or operate a district heating
9 and cooling system or to make any sale of energy beyond the express
10 provisions of this act."

11 "NEW SECTION. Sec. 7. In order to implement a wide variety of
12 cost-effective energy efficiency projects for state agencies and school
13 districts and the state, funding and financing sources that may be
14 employed include:

15 (1) Legislative appropriations;

16 (2) Financing contracts under chapter 39.94 RCW;

17 (3) Third-party financing provided by private or public sources;

18 and

19 (4) Energy service contracts with private or public service
20 providers."

21 "NEW SECTION. Sec. 8. In addition to any other authorities
22 conferred by law:

23 (1) The energy office may, with the consent of the state agency or
24 school district responsible for a facility:

25 (a) Develop and finance conservation at state and school district
26 facilities;

1 (b) Contract for energy services, including shared savings,
2 guaranteed savings, or other performance-based arrangements at state
3 facilities;

4 (c) Contract to sell electric energy generated or saved by energy
5 efficiency projects at public facilities to or with utilities;

6 (d) Contract to sell thermal energy produced at state facilities to
7 or with utilities; and

8 (e) Participate in negotiations, competitive procurement, and other
9 activities necessary or convenient for these purposes.

10 (2) Subject to section 5 of this act concerning certain utility
11 transactions, state and regional universities acting independently, and
12 other state agencies acting through the department of general
13 administration or as otherwise authorized, may exercise the authorities
14 enumerated in subsection (1) of this section for their facilities and
15 may also:

16 (a) Acquire, install, permit, construct, own, operate, and maintain
17 energy efficiency measures or equipment, or both, at their facilities;

18 (b) Lease state property to private or other public parties for the
19 installation and operation of energy efficiency equipment at state
20 facilities;

21 (c) Contract to purchase all or part of the electric or thermal
22 output of cogeneration plants at their facilities;

23 (d) Contract to purchase or otherwise acquire fuel or other energy
24 sources needed to operate cogeneration plants at their facilities; and

25 (e) Undertake procurements for third-party development of energy
26 efficiency projects at state facilities, with successful proposers to
27 be selected based on the responsible bid, including nonprice elements
28 listed in RCW 43.19.1911, that offers the greatest net achievable
29 benefits to the state and its agencies.

1 For projects involving cogeneration at state facilities commenced
2 after the effective date of this act, all such authorities shall be
3 exercised in consultation with the energy office.

4 (3) Subject to section 5 of this act, school districts may:

5 (a) Develop and finance conservation at school district facilities;

6 (b) Contract for energy services, including shared savings,
7 guaranteed savings, or other performance-based arrangements at state
8 facilities;

9 (c) Contract to sell electric energy generated or saved by energy
10 efficiency projects at school district facilities to utilities directly
11 or to utilities through third parties.

12 (4) The leasing and contracting authorities provided in this
13 section may be exercised for terms up to thirty years.

14 (5) The authorities under this section may be exercised only if
15 their exercise is reasonably expected to yield lower energy use or
16 costs or higher energy efficiency, or other net benefits including cash
17 revenues, site enhancements, or environmental improvements, for the
18 host agency, the agency, or the state over the life of the measures or
19 projects to be undertaken."

20 "NEW SECTION. **Sec. 9.** The energy office may use appropriated
21 moneys to make loans, in accordance with RCW 43.21F.060(2), to school
22 districts to provide all or part of the financing for conservation
23 projects. The energy office shall determine the eligibility of such
24 projects for conservation loans and the terms of such loans. If loans
25 are from moneys appropriated from bond proceeds, the repayments of the
26 loans shall be sufficient to pay, when due, the principal and interest
27 on the bonds and shall be paid to the energy efficiency construction
28 account. To the extent that a school district applies the proceeds of
29 such loans to a modernization project, such proceeds shall be

1 considered a portion of the school district's share of the costs of
2 such project."

3 "NEW SECTION. Sec. 10. (1) The energy efficiency construction
4 account is hereby created in the state treasury. Moneys in the account
5 may be spent only after appropriation and only for the following
6 purposes:

7 (a) Construction of energy efficiency projects, including project
8 evaluation and verification of benefits, project design, project
9 development, project construction, and project administration.

10 (b) Payment of principal and interest and other costs required
11 under bond covenant on bonds issued for the purpose of (a) of this
12 subsection.

13 (2) Sources for this account may include:

14 (a) General obligation and revenue bond proceeds appropriated by
15 the legislature;

16 (b) Loan repayments under section 9 of this act sufficient to pay
17 principal and interest obligations; and

18 (c) Any other source, including other federal, state, and local
19 agencies.

20 (3) The energy office shall establish criteria for approving energy
21 efficiency projects to be financed from moneys disbursed from this
22 account. The criteria shall include cost-effectiveness, reliability of
23 energy systems, and environmental costs or benefits. The energy office
24 shall ensure that the criteria are applied with professional standards
25 for engineering and review."

26 "NEW SECTION. Sec. 11. (1) The energy efficiency services
27 account is created in the state treasury. Moneys in the account may be
28 spent only after appropriation. Expenditures from the account may be

1 used only (a) for the energy office to provide energy efficiency
2 services to state agencies and school districts including review of
3 life-cycle cost analyses and (b) for transfer by the legislature to the
4 state general fund.

5 (2) All receipts from the following sources shall be deposited into
6 the account:

7 (a) Project fees charged under this section and section 16 of this
8 act;

9 (b) After payment of any principal and interest obligations, moneys
10 from repayments of loans under section 9 of this act;

11 (c) Revenue from public or private sales of energy generated or
12 saved at public facilities under this act, except those retained by
13 host agencies under section 12 of this act; and

14 (d) Payments by utilities under this act, except those retained by
15 host agencies under section 12 of this act.

16 (3) The energy office may accept moneys and make deposits to the
17 account from any source including revenue from other federal, state, or
18 local government agencies.

19 (4) Within one hundred eighty days after the effective date of this
20 act, the energy office shall adopt rules establishing criteria and
21 procedures for setting a fee schedule, establishing working capital
22 requirements, and receiving deposits for this account."

23 "NEW SECTION. Sec. 12. (1) Potential benefits from energy
24 efficiency projects at public facilities include savings in the form of
25 reduced energy costs; revenues from lease payments, sales of energy or
26 energy savings, or other sources; avoided capital costs; site
27 enhancements; additional operating and maintenance resources; and
28 environmental improvements.

1 (2) To encourage these projects at state facilities, and
2 notwithstanding any other provision of law, the following benefits from
3 energy efficiency projects completed after the effective date of this
4 act shall be apportioned as specified:

5 (a) As to conservation, state host agencies may retain all net
6 savings in the form of reduced energy costs, and one-half of all net
7 revenues from any transaction with a utility or other entity;

8 (b) As to other energy efficiency projects, state host agencies may
9 retain one-half of all net savings in the form of reduced energy costs
10 and twenty percent of all net revenues generated by the project from
11 any source; and

12 (c) The remaining net revenues from conservation projects, and
13 remaining net savings and revenues from other energy efficiency
14 projects, shall be remitted to the state for the disposition and uses
15 specified in subsection (4) of this section.

16 (3) Each state host agency's share of net savings from energy
17 efficiency projects other than conservation and of all net revenues
18 shall be credited to a special local account created under section 17
19 of this act, the use of which shall be limited, in priority order, to
20 ongoing operation, maintenance, and improvements of energy systems and
21 energy efficiency measures, to other ongoing and deferred maintenance,
22 and to other infrastructure improvements at the facility that was the
23 site of the conservation or cogeneration project.

24 (4) The state's share of net savings from energy efficiency
25 projects other than conservation and of all net revenues, and any
26 portion of the host agency's share which exceeds its needs for the
27 purposes specified in subsection (3) of this section, shall be
28 deposited in the energy efficiency services account established by
29 section 11 of this act.

1 (5) The use by state host agencies of net savings and net revenues
2 from energy efficiency projects shall be in addition to, and shall not
3 supplant or replace, funding from traditional sources for their normal
4 operations and maintenance or capital budgets. It is the intent of
5 this subsection to ensure that such institutions receive the full
6 benefit intended by this section, and that such effect will not be
7 diminished by budget adjustments inconsistent with this intent.

8 (6) Energy efficiency projects in school districts, funded in whole
9 or in part with state assistance provided under chapter 28A.525 RCW, or
10 with the financing mechanisms authorized by this chapter, shall be
11 subject to the provisions of this section governing the apportionment
12 and use of savings and revenues from energy efficiency projects.

13 (7) For purposes of this section, "net" savings and revenues shall
14 mean savings and revenues remaining after payment of project capital
15 costs, including debt service, and other payments and reserves as
16 required by a bond resolution or loan agreement under this chapter, and
17 payment of project operating and maintenance expenses. The energy
18 office shall develop guidelines and procedures for determining net
19 savings and net revenues for energy efficiency projects at state
20 facilities by April 1, 1992.

21 (8) The energy office shall report annually until the year 2006 to
22 the director of the office of financial management and the chairs of
23 the senate ways and means committee and the appropriate house of
24 representatives fiscal committees regarding the amount of savings and
25 revenues from energy conservation and cogeneration retained by
26 individual state agencies."

27 **"Sec. 13.** RCW 39.35.030 and 1982 c 159 s 3 are each amended to
28 read as follows:

1 For the purposes of this chapter the following words and phrases
2 shall have the following meanings unless the context clearly requires
3 otherwise:

4 (1) "Public agency" means every state office, officer, board,
5 commission, committee, bureau, department, and all political
6 subdivisions of the state.

7 (2) "Office" means the Washington state energy office.

8 (3) "Major facility" means any publicly owned or leased building
9 having twenty-five thousand square feet or more of usable floor space.

10 (4) "Initial cost" means the moneys required for the capital
11 construction or renovation of a major facility.

12 (5) "Renovation" means additions, alterations, or repairs within
13 any twelve-month period which exceed fifty percent of the value of a
14 major facility and which will affect any energy system.

15 (6) "Economic life" means the projected or anticipated useful life
16 of a major facility as expressed by a term of years.

17 (7) "Life-cycle cost" means the initial cost and cost of operation
18 of a major facility over its economic life. This shall be calculated
19 as the initial cost plus the operation, maintenance, and energy costs
20 over its economic life, reflecting anticipated increases in these costs
21 discounted to present value at the current rate for borrowing public
22 funds, as determined by the ~~((state finance committee))~~ office of
23 financial management. The energy cost~~((s))~~ projections used shall be
24 those ~~((projected))~~ provided by the state energy office. The office
25 shall update ~~((the))~~ these projections ~~((of energy costs))~~ at least
26 every two years.

27 (8) "Life-cycle cost analysis" includes, but is not limited to, the
28 following elements:

29 (a) The coordination and positioning of a major facility on its
30 physical site;

1 (b) The amount and type of fenestration employed in a major
2 facility;

3 (c) The amount of insulation incorporated into the design of a
4 major facility;

5 (d) The variable occupancy and operating conditions of a major
6 facility; and

7 (e) An energy-consumption analysis of a major facility.

8 (9) "Energy systems" means all utilities, including, but not
9 limited to, heating, air-conditioning, ventilating, lighting, and the
10 supplying of domestic hot water.

11 (10) "Energy-consumption analysis" means the evaluation of all
12 energy systems and components by demand and type of energy including
13 the internal energy load imposed on a major facility by its occupants,
14 equipment, and components, and the external energy load imposed on a
15 major facility by the climatic conditions of its location. An energy-
16 consumption analysis of the operation of energy systems of a major
17 facility shall include, but not be limited to, the following elements:

18 (a) The comparison of three or more system alternatives, at least
19 one of which shall include renewable energy systems;

20 (b) The simulation of each system over the entire range of
21 operation of such facility for a year's operating period; and

22 (c) The evaluation of the energy consumption of component equipment
23 in each system considering the operation of such components at other
24 than full or rated outputs.

25 The energy-consumption analysis shall be prepared by a professional
26 engineer or licensed architect who may use computers or such other
27 methods as are capable of producing predictable results.

28 (11) "Renewable energy systems" means methods of facility design
29 and construction and types of equipment for the utilization of
30 renewable energy sources including, but not limited to, active or

1 passive solar space heating or cooling, domestic solar water heating,
2 windmills, waste heat, biomass and/or refuse-derived fuels,
3 (~~(cogenerated energy,)~~) photovoltaic devices, and geothermal energy.

4 (12) "Cogeneration" means the sequential generation of two or more
5 forms of energy from a common fuel or energy source. Where these forms
6 are electricity and thermal energy, then the operating and efficiency
7 standards established by 18 C.F.R. Sec. 292.205 and the definitions
8 established by 18 C.F.R. 292.202 (c) through (m) as of the effective
9 date of this act shall apply."

10 "NEW SECTION. Sec. 14. A new section is added to chapter 39.35
11 RCW to read as follows:

12 The office, in consultation with affected public agencies, shall
13 develop and issue guidelines for administering this chapter. The
14 purpose of the guidelines is to define a procedure and method for
15 performance of life-cycle cost analysis to promote the selection of
16 low-life-cycle cost alternatives. At a minimum, the guidelines must
17 contain provisions that:

18 (1) Address energy considerations during the planning phase of the
19 project;

20 (2) Identify energy components and system alternatives including
21 renewable energy systems and cogeneration applications prior to
22 commencing the energy consumption analysis;

23 (3) Establish times during the design process for preparation,
24 review, and approval or disapproval of the life-cycle cost analysis;

25 (4) Specify the assumptions to be used for escalation and inflation
26 rates, equipment service lives, economic building lives, and
27 maintenance costs;

28 (5) Determine life-cycle cost analysis format and submittal
29 requirements to meet the provisions of this chapter;

1 (6) Provide for review and approval of life-cycle cost analysis."

2 "NEW SECTION. **Sec. 15.** A new section is added to chapter 39.35
3 RCW to read as follows:

4 The energy office may impose fees upon affected public agencies for
5 the review of life-cycle cost analyses. The fees shall be deposited in
6 the energy efficiency services account established in section 11 of
7 this act. The purpose of the fee is to recover the costs by the office
8 for review of the analyses. The office shall set fees at a level
9 necessary to recover all of its costs related to increasing the energy
10 efficiency of state-supported new construction. The fees shall not
11 exceed one-tenth of one percent of the total cost of any project or
12 exceed two thousand dollars for any project unless mutually agreed to.
13 The office shall provide detailed calculation ensuring that the energy
14 savings resulting from its review of life-cycle cost analysis justify
15 the costs of performing that review."

16 "NEW SECTION. **Sec. 16.** The energy office may adopt rules to
17 implement sections 4 through 6, 12, and 14 of this act."

18 "**Sec. 17.** RCW 43.88.195 and 1979 c 151 s 140 are each amended to
19 read as follows:

20 After August 11, 1969, no state agency, state institution, state
21 institution of higher education, which shall include all state
22 universities, regional universities, The Evergreen State College, and
23 community colleges, shall establish any new accounts or funds which are
24 to be located outside of the state treasury: PROVIDED, That the office
25 of financial management shall be authorized to grant permission for the
26 establishment of such an account or fund outside of the state treasury
27 only when the requesting agency presents compelling reasons of economy

1 and efficiency which could not be achieved by placing such funds in the
2 state treasury. When the director of financial management authorizes
3 the creation of such fund or account, ((he)) the director shall
4 forthwith give written notice of the fact to the standing committees on
5 ways and means of the house and senate: PROVIDED FURTHER, That the
6 office of financial management may grant permission for the
7 establishment of accounts outside of the state treasury for the
8 purposes of section 11 of this act."

9 "Sec. 18. 1989 1st ex.s. c 12 s 301 (uncodified) is amended to
10 read as follows:

11 FOR THE WASHINGTON STATE ENERGY OFFICE

12 Energy conservation projects (90-4-001)

13 The appropriation in this section is subject to the following
14 conditions and limitations: The department shall contract with the
15 following agencies for the amounts specified to undertake energy
16 conservation projects. Each contract shall require the agencies listed
17 below to deposit into the energy ((conservation account, hereby created
18 in the state treasury)) efficiency services account, created in section
19 11 of this act, an amount equal to the contract amount. The payback
20 period for the contracted amount shall be determined by the department,
21 but shall not exceed six years.

22 (1) No more than \$1,033,000 shall be expended for energy
23 conservation projects for Military Department facilities;

24 (2) No more than \$361,600 shall be expended for energy conservation
25 projects for the department of social and health services;

26 (3) No more than \$552,000 shall be expended for energy conservation
27 projects for The Evergreen State College.

28	Reappropriation	Appropriation
29 St Bldg Constr Acct		1,946,600

1	Prior Biennia	Future Biennia	Total
2		2,199,000	4,145,600"

3 "NEW SECTION. **Sec. 19.** Sections 3 through 12 and 16 of this act
4 shall constitute a new chapter in Title 39 RCW."

5 "NEW SECTION. **Sec. 20.** 1982 c 159 s 6 (uncodified) is hereby
6 repealed."

7 "NEW SECTION. **Sec. 21.** If any provision of this act or its
8 application to any person or circumstance is held invalid, the
9 remainder of the act or the application of the provision to other
10 persons or circumstances is not affected."

11 **SHB 1022** - H COMM AMD
12 By Committee on Capital Facilities & Financing

13
14 On page 1, line 1 of the title, after "policy;" strike the
15 remainder of the title and insert "amending RCW 39.35.030 and
16 43.88.195; amending 1989 1st ex.s. c 12 s 301 (uncodified); adding new
17 sections to chapter 43.21F RCW; adding a new chapter to Title 39 RCW;
18 adding new sections to chapter 39.35 RCW; and repealing 1982 c 159 s 6
19 (uncodified)."