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5 On page 1 of the Committee Amendment, beginning on line 7, strike
6 everything through page 22, line 16, and insert the 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. The Washington state energy office shall
19 prepare a complete and comprehensive analysis of the costs and benefits
20 of constructing cost-effective cogeneration projects in state agency
21 and school district facilities. The analysis shall include:

22 (1) Identification of sites where cogeneration might be cost-
23 effective within the next five years;

24 (2) Identification of alternative projects for each site;

25 (3) The cost of construction of the most promising project at each
26 site, together with an estimate of the risk of cost-overruns;

27 (4) The source and terms of financing for each project;

28 (5) The cost of operating each project, including all overhead and
29 administrative costs;

1 (6) The cost to the state of administering each project, including
2 the cost to the state connected with the financing of the project, if
3 any;

4 (7) The amount and form of energy expected to be derived from each
5 project and an estimate of the range within which the output may be
6 expected to vary during the life of the project;

7 (8) Identification of the potential purchasers of the output of
8 each project;

9 (9) The revenue expected for each project;

10 (10) The value of energy used in the host facility;

11 (11) An estimate of the range within which the revenues and the
12 value of energy used by the host facility may be expected to vary;

13 (12) An estimate of fuel costs and the range within which such
14 costs may be expected to vary during the life of each project;

15 (13) All other elements of revenue and cost related to each
16 project;

17 (14) Identification of the environmental impact of each project;

18 (15) Identification of the impact of each project on its host
19 institution and adjacent residents and businesses;

20 (16) A comparison of the costs and benefits of the cogeneration
21 project with the use of a conventional source of energy production at
22 the host facility; and

23 (17) Any other costs and benefits, whether financial,
24 environmental, or otherwise, associated with the project.

25 The energy office shall make an interim report on the status of the
26 analysis and preliminary conclusions to the energy and utilities
27 committees of the house of representatives and the senate by December
28 1, 1991, and a final report to the governor and the legislature by July
29 1, 1992."

1 "NEW SECTION. Sec. 4. Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter.

4 (1) "Conservation" means reduced energy consumption or energy cost,
5 or increased efficiency in the use of energy, and activities, measures,
6 or equipment designed to achieve such results, but does not include
7 district heating and cooling, or electric production from cogeneration.

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

10 (3) "Energy" means energy as defined in RCW 43.21F.025(1).

11 (4) "Energy efficiency" means conservation or the use of
12 alternative energy resources.

13 (5) "Energy office" means the Washington state energy office.

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

17 (7) "Person" means a natural person, private or public corporation,
18 partnership, or association, or a combination thereof.

19 (8) "Project" means a project or projects designed to result in
20 energy efficiency.

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

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

28 (11) "State facility" means a building or structure, or a group of
29 buildings or structures at a single site, owned by a state agency.

1 (12) "Utility" means privately or publicly owned electric, gas, and
2 heating utilities, electric cooperatives, and federal power marketing
3 agencies, whether located within or without Washington state."

4 "NEW SECTION. Sec. 5. (1) State agencies and school districts
5 shall pursue and maintain efficient operation of their facilities in
6 order to minimize energy consumption and related environmental impacts
7 and reduce operating costs.

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

25 (3) The energy office shall consult with the local gas and electric
26 utilities to develop priorities for energy conservation projects
27 pursuant to this chapter, cooperate where possible with existing
28 utility programs, and consult with the local gas and electric utilities
29 prior to implementing projects in their service territory. Gas and

1 electric utilities shall be offered the opportunity to participate in
2 the development of conservation projects. Electric utilities who are
3 firm power requirements customers of a federal power marketing agency
4 shall be offered the opportunity to participate in the following
5 manner:

6 (a) Before initiating projects in the utility service territory,
7 the energy office shall notify the local electric utility of state
8 agency or school district facilities that the energy office has
9 targeted for energy conservation projects.

10 (b) Within sixty days of receipt of this notification, the local
11 electric utility may express interest in these projects by submitting
12 to the energy office a proposal describing the role the utility is
13 willing to play in developing and acquiring the conservation at these
14 facilities.

15 (c) Upon receipt of this proposal, the energy office shall, through
16 discussions with the local utility, and with involvement from state
17 agencies and school districts, develop a plan for coordinated delivery
18 of conservation services, financing, and utility payment for electric
19 energy conservation to state agency and school district facilities in
20 the utility's service territory. The plan shall identify the local
21 utility in roles that the utility is willing and able to perform and
22 that are consistent with section 6(3)(f) of this act."

23 "NEW SECTION. **Sec. 6.** (1) The energy office shall, in
24 coordination with electric and gas utilities and host agencies,
25 facilitate the sale or transmission of energy saved at state agencies
26 and school districts.

27 (2) State agencies and school districts shall notify the energy
28 office at least thirty days in advance of submitting an offer to a

1 utility or responding to an offer from a utility for the sale of energy
2 saved at their facilities.

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

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

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

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

16 (d) Before making a decision under (e) of this subsection, the
17 energy office shall review the proposed transaction for its technical
18 and economic feasibility, the adequacy and reasonableness of procedures
19 proposed for verification of project or program performance, the degree
20 of certainty of benefits, the degree of risk assumed by the state or
21 school district, the benefits offered to the state or school district
22 relative to the value of the resource to the utility, and such other
23 factors as the energy office determines to be prudent.

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

28 (f) In addition to the requirements of (d) and (e) of this
29 subsection, in areas in which a federal power marketing agency has a
30 program for the purchase of energy saved at public facilities, the

1 energy office shall approve the transaction unless the local utility
2 cannot offer a substantially equivalent benefit to that offered by the
3 federal power marketing agency, in which case the transaction shall be
4 disapproved. In determining whether the local utility is offering a
5 substantially equivalent benefit, the energy office shall consider the
6 net present value of the payment saved energy; any goods, services, or
7 financial assistance provided by the utility; and any risks borne by
8 the utility. Any direct negative financial impact on a nongrowing
9 utility shall be considered.

10 (4) Any party to a potential transaction may, within thirty days of
11 any decision to disapprove a transaction made pursuant to subsection
12 (3) (d), (e), or (f) of this section, request an independent reviewer
13 who is mutually agreeable to all parties to the transaction to review
14 the decision to disapprove. The parties shall within thirty days of
15 selection submit to the independent reviewer documentation supporting
16 their positions. The independent reviewer shall render advice
17 regarding the validity of the disapproval within an additional thirty
18 days."

19 "NEW SECTION. **Sec. 7.** Nothing in this chapter authorizes any
20 state agency or school district to construct or operate a district
21 heating and cooling system or to make any sale of energy beyond the
22 express provisions of this chapter."

23 "NEW SECTION. **Sec. 8.** In order to implement a wide variety of
24 cost-effective energy efficiency projects for state agencies and school
25 districts and the state, funding and financing sources that may be
26 employed include:

27 (1) Legislative appropriations;

28 (2) Financing contracts under chapter 39.94 RCW;

1 (3) Third-party financing provided by private or public sources;
2 and
3 (4) Energy service contracts with private or public service
4 providers."

5 "NEW SECTION. Sec. 9. In addition to any other authorities
6 conferred by law:

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

9 (a) Develop and finance conservation at state and school district
10 facilities;

11 (b) Contract for energy services, including shared savings,
12 guaranteed savings, or other performance-based arrangements at state
13 facilities;

14 (c) Contract to sell electric energy saved by energy efficiency
15 projects at public facilities to or with utilities;

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

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

20 (2) Subject to section 6 of this act concerning certain utility
21 transactions, state and regional universities acting independently, and
22 other state agencies acting through the department of general
23 administration or as otherwise authorized, may exercise the authorities
24 enumerated in subsection (1) of this section for their facilities and
25 may also:

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

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

4 (c) Undertake procurements for third-party development of energy
5 efficiency projects at state facilities, with successful proposers to
6 be selected based on the responsible bid, including nonprice elements
7 listed in RCW 43.19.1911, that offers the greatest net achievable
8 benefits to the state and its agencies.

9 (3) Subject to section 6 of this act, school districts may:

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

11 (b) Contract for energy services, including shared savings,
12 guaranteed savings, or other performance-based arrangements at state
13 facilities;

14 (c) Contract to sell electric energy saved by energy efficiency
15 projects at school district facilities to utilities directly or to
16 utilities through third parties.

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

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

25 "NEW SECTION. Sec. 10. The energy office may use appropriated
26 moneys to make loans, in accordance with RCW 43.21F.060(2), to school
27 districts to provide all or part of the financing for conservation
28 projects. The energy office shall determine the eligibility of such
29 projects for conservation loans and the terms of such loans. If loans

1 are from moneys appropriated from bond proceeds, the repayments of the
2 loans shall be sufficient to pay, when due, the principal and interest
3 on the bonds and shall be paid to the energy efficiency construction
4 account. To the extent that a school district applies the proceeds of
5 such loans to a modernization project, such proceeds shall be
6 considered a portion of the school district's share of the costs of
7 such project."

8 "NEW SECTION. Sec. 11. (1) The energy efficiency construction
9 account is created in the state treasury. Moneys in the account may be
10 spent only after appropriation and only for the following purposes:

11 (a) Construction of energy efficiency projects, including project
12 evaluation and verification of benefits, project design, project
13 development, project construction, and project administration.

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

17 (2) Sources for this account may include:

18 (a) General obligation and revenue bond proceeds appropriated by
19 the legislature;

20 (b) Loan repayments under section 10 of this act sufficient to pay
21 principal and interest obligations; and

22 (c) Any other source, including other federal, state, and local
23 agencies.

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

1 "NEW SECTION. Sec. 12. (1) The energy efficiency services
2 account is created in the state treasury. Moneys in the account may be
3 spent only after appropriation. Expenditures from the account may be
4 used only (a) for the energy office to provide energy efficiency
5 services to state agencies and school districts including review of
6 life-cycle cost analyses and (b) for transfer by the legislature to the
7 state general fund.

8 (2) All receipts from the following sources shall be deposited into
9 the account:

10 (a) Project fees charged under this section and section 17 of this
11 act;

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

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

17 (d) Payments by utilities under this act, except those retained by
18 host agencies under section 13 of this act.

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

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

26 "NEW SECTION. Sec. 13. (1) Potential benefits from energy
27 efficiency projects at public facilities include savings in the form of
28 reduced energy costs; revenues from lease payments, sales of energy
29 savings, or other sources; avoided capital costs; site enhancements;

1 additional operating and maintenance resources; and environmental
2 improvements.

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

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

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

14 (3) Each state host agency's share of net savings from energy
15 efficiency projects other than conservation and of all net revenues
16 shall be credited to a special local account created under RCW
17 43.88.195, the use of which shall be limited, in priority order, to
18 ongoing operation, maintenance, and improvements of energy systems and
19 energy efficiency measures, to other ongoing and deferred maintenance,
20 and to other infrastructure improvements at the facility that was the
21 site of the conservation or cogeneration project.

22 (4) The state's share of net savings from energy efficiency
23 projects other than conservation and of all net revenues, and any
24 portion of the host agency's share which exceeds its needs for the
25 purposes specified in subsection (3) of this section, shall be
26 deposited in the energy efficiency services account established by
27 section 12 of this act.

28 (5) The use by state host agencies of net savings and net revenues
29 from energy efficiency projects shall be in addition to, and shall not
30 supplant or replace, funding from traditional sources for their normal

1 operations and maintenance or capital budgets. It is the intent of
2 this subsection to ensure that such institutions receive the full
3 benefit intended by this section, and that such effect will not be
4 diminished by budget adjustments inconsistent with this intent.

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

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

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

24 **"Sec. 14.** RCW 39.35.030 and 1982 c 159 s 3 are each amended to
25 read as follows:

26 For the purposes of this chapter the following words and phrases
27 shall have the following meanings unless the context clearly requires
28 otherwise:

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

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

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

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

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

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

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

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

26 (a) The coordination and positioning of a major facility on its
27 physical site;

28 (b) The amount and type of fenestration employed in a major
29 facility;

1 (c) The amount of insulation incorporated into the design of a
2 major facility;

3 (d) The variable occupancy and operating conditions of a major
4 facility; and

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

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

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

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

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

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

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

26 (11) "Renewable energy systems" means methods of facility design
27 and construction and types of equipment for the utilization of
28 renewable energy sources including, but not limited to, active or
29 passive solar space heating or cooling, domestic solar water heating,

1 windmills, waste heat, biomass and/or refuse-derived fuels,
2 (~~(cogenerated energy,)~~) photovoltaic devices, and geothermal energy."

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

5 The office, in consultation with affected public agencies, shall
6 develop and issue guidelines for administering this chapter. The
7 purpose of the guidelines is to define a procedure and method for
8 performance of life-cycle cost analysis to promote the selection of
9 low-life-cycle cost alternatives. At a minimum, the guidelines must
10 contain provisions that:

11 (1) Address energy considerations during the planning phase of the
12 project;

13 (2) Identify energy components and system alternatives including
14 renewable energy systems before commencing the energy consumption
15 analysis;

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

18 (4) Specify the assumptions to be used for escalation and inflation
19 rates, equipment service lives, economic building lives, and
20 maintenance costs;

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

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

24 "NEW SECTION. Sec. 16. A new section is added to chapter 39.35
25 RCW to read as follows:

26 The energy office may impose fees upon affected public agencies for
27 the review of life-cycle cost analyses. The fees shall be deposited in
28 the energy efficiency services account established in section 12 of

1 this act. The purpose of the fee is to recover the costs by the office
2 for review of the analyses. The office shall set fees at a level
3 necessary to recover all of its costs related to increasing the energy
4 efficiency of state-supported new construction. The fees shall not
5 exceed one-tenth of one percent of the total cost of any project or
6 exceed two thousand dollars for any project unless mutually agreed to.
7 The office shall provide detailed calculation ensuring that the energy
8 savings resulting from its review of life-cycle cost analysis justify
9 the costs of performing that review."

10 "NEW SECTION. Sec. 17. The energy office may adopt rules to
11 implement sections 5 through 7, 13, and 15 of this act."

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

14 After August 11, 1969, no state agency, state institution, state
15 institution of higher education, which shall include all state
16 universities, regional universities, The Evergreen State College, and
17 community colleges, shall establish any new accounts or funds which are
18 to be located outside of the state treasury: PROVIDED, That the office
19 of financial management shall be authorized to grant permission for the
20 establishment of such an account or fund outside of the state treasury
21 only when the requesting agency presents compelling reasons of economy
22 and efficiency which could not be achieved by placing such funds in the
23 state treasury. When the director of financial management authorizes
24 the creation of such fund or account, (~~he~~) the director shall
25 forthwith give written notice of the fact to the standing committees on
26 ways and means of the house and senate. The office of financial
27 management may grant permission for the establishment of accounts

1 outside of the state treasury for the purposes of section 12 of this
2 act."

3 "Sec. 19. 1989 1st ex.s. c 12 s 301 (uncodified) is amended to
4 read as follows:

5 FOR THE WASHINGTON STATE ENERGY OFFICE

6 Energy conservation projects (90-4-001)

7 The appropriation in this section is subject to the following
8 conditions and limitations: The department shall contract with the
9 following agencies for the amounts specified to undertake energy
10 conservation projects. Each contract shall require the agencies listed
11 below to deposit into the energy ((~~conservation account, hereby created~~
12 ~~in the state treasury~~) efficiency services account, created in section
13 12 of this act, an amount equal to the contract amount. The payback
14 period for the contracted amount shall be determined by the department,
15 but shall not exceed six years.

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

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

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

	Reappropriation	Appropriation
22 St Bldg Constr Acct		1,946,600
23		
24 Prior Biennia	Future Biennia	Total
25	2,199,000	4,145,600"

26 "NEW SECTION. Sec. 20. Sections 4 through 13 and 17 of this act
27 shall constitute a new chapter in Title 39 RCW."

1 "NEW SECTION. Sec. 21. 1982 c 159 s 6 (uncodified) is
2 repealed."

3 "NEW SECTION. Sec. 22. If any provision of this act or its
4 application to any person or circumstance is held invalid, the
5 remainder of the act or the application of the provision to other
6 persons or circumstances is not affected."

7 SHB 1022 - H AMD TO APP COMM AMD (H-2238.2/91)
8 By Representative May

9

10 On page 22, line 24 of the Committee Title Amendment, after "RCW;"
11 insert "creating a new section;"