

# HOUSE BILL REPORT

## SSB 5481

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**As Reported by House Committee On:**  
Technology, Energy & Communications

**Title:** An act relating to conservation measures in performance-based contracting.

**Brief Description:** Including conservation measures in performance-based contracting.

**Sponsors:** Senate Committee on Water, Energy & Telecommunications (originally sponsored by Senators Oemig, Delvin, Rockefeller, Fraser and Regala).

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 3/16/07, 3/28/07 [DP].

**Brief Summary of Substitute Bill**

- Allows state agencies and municipalities to engage in measures to conserve water and to reduce wastewater or solid waste as part of energy savings performance contracting.

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** Do pass. Signed by 11 members: Representatives Morris, Chair; McCoy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Eddy, Ericksen, Hankins, Hudgins, Hurst, Takko and VanDeWege.

**Staff:** Kara Durbin (786-7133).

**Background:**

Energy Conservation

State agencies and schools districts are required to: (1) conduct preliminary energy surveys and audits of their buildings; and (2) implement cost-effective conservation improvements in order to minimize energy consumption and related environmental impacts, as well as reduce operating costs. The Department of General Administration (Department) tracks and reports the installation of any energy conservation measures that result from the surveys or audits.

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

Municipalities are authorized, but not required, to conduct energy audits and implement cost-effective energy conservation measures.

#### Performance-Based Contracting

The Department, a state or regional university acting independently, and any other state agency acting through the Department may use performance-based contracting to acquire energy equipment or services. Performance-based contracting refers to contracts for which payment is conditioned on achievement of contractually specified energy savings. This process involves hiring a company to: (1) conduct an energy audit; (2) guarantee a certain level of savings from energy efficiency; (3) provide financing for the energy efficiency improvements; and (4) install or implement the energy efficiency improvements. Performance-based contracting is the preferred method for completing energy audits and implementing cost-effective conservation measures.

Municipalities may also use performance-based contracting to acquire energy equipment and services. The Department maintains a registry of energy service contractors and provides assistance to municipalities in identifying available performance-based contracting services.

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#### **Summary of Bill:**

The provisions concerning energy saving performance contracting are amended to allow for measures to conserve water, and to reduce wastewater or solid waste.

The definition of "energy equipment and services" is amended in chapter 39.35A RCW to include reductions in the use or cost of water, wastewater, or solid waste. The definition of a "performance-based contract" is also amended to include contracts for water conservation services or solid waste reduction services.

The definition of "conservation" is amended in chapter 39.35C RCW to include reductions in the use or cost of water, wastewater, or solid waste. The definition of "energy audit" is also amended to allow the audit to include a determination of the water or solid waste consumption characteristics of a facility.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

#### **Staff Summary of Public Testimony:**

(In support) This is an agency request legislation. It is a simple and straightforward bill. It is important that the Department of General Administration be able to do water conservation

measures that are identified as part of an energy audit. This removes the bureaucratic roadblocks currently in place.

(Opposed) None.

**Persons Testifying:** Senator Oemig, prime sponsor.

**Persons Signed In To Testify But Not Testifying:** None.