

# HOUSE BILL REPORT

## HB 1007

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

**Title:** An act relating to creating a sustainable energy trust.

**Brief Description:** Creating a sustainable energy trust.

**Sponsors:** Representatives Morris, Chase, Morrell, Lias, Anderson, Upthegrove, Seaquist, Hudgins and Moeller.

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 1/26/09, 2/12/09 [DPS].

### Brief Summary of Substitute Bill

- Allows property owners to apply to the Housing Finance Commission for energy efficiency or renewable energy improvements.
- Directs the Housing Finance Commission to periodically issue Sustainable Energy Trust bonds to pay for energy efficiency and renewable energy improvements.

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## HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Carlyle, Finn, Hasegawa, Hinkle, Hudgins, Jacks, McCune, Morris, Takko and Van De Wege.

**Minority Report:** Without recommendation. Signed by 3 members: Representatives Haler, Assistant Ranking Minority Member; Condotta and Herrera.

**Staff:** Scott Richards (786-7156)

**Background:**

[Housing Finance Commission.](#)

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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.*

The Housing Finance Commission (Commission) was established by the Legislature in 1983 to act as a financial conduit which, without using public funds or lending the credit of the state or local government, can issue revenue bonds and participate in federal, state, and local housing programs. In setting up the Commission, the Legislature sought to make available additional funds at affordable rates to help provide housing throughout the state.

The Commission is empowered to:

- issue bonds;
- invest in, purchase, or make commitments to purchase or take assignments from mortgage lenders of mortgages or mortgage loans;
- make loans to or deposits with mortgage lenders for the purpose of making mortgage loans; and
- participate fully in federal and other governmental programs.

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

#### Energy Efficiency and Renewable Energy Improvement Loans.

The Commission must make available secured loans to certified applicants for the purpose of providing financing for all or part of the project costs of any energy efficiency improvement or renewable energy improvement. The period of such loans is 10 years for energy efficiency improvements and 25 years for renewable energy improvements. The Commission must periodically issue Sustainable Energy Trust bonds for the purpose of financing the project costs of energy efficiency improvements and renewable energy improvements. The Commission must provide payments to vendors for energy efficiency improvement and renewable energy improvement projects with certified applications. The Commission may recover its cost associated with executing the responsibilities through the issuance of bonds.

#### Certified Application.

The Washington State University's Climate and Rural Energy Development Center (Center) is responsible for certifying the energy efficiency and renewable energy improvements. In order to receive a certified application a property owner must obtain a binding fixed bid price from a vendor for the energy efficiency improvement or renewable energy improvement on a property owner's property. The binding fixed bid price must be provided to the Center as part of the application process in this section.

A property owner must submit an application in a form and manner prescribed by the Center that includes, but is not limited to, the following information:

- the name and address of the property owner and location of where the energy efficiency improvement or renewable energy improvement will be installed;
- the name and address of the vendor of the energy efficiency improvement or renewable energy improvement; and
- a copy of the invoice from the vendor to the property owner that details the energy efficiency improvement or renewable energy improvement to be made and the

binding fixed bid price of the energy efficiency improvement or renewable energy improvement.

The Center must collect an application fee from the property owner in order to cover the cost to certify the application. Within 30 days of receipt of the application, the Center must advise the property owner in writing whether the energy efficiency improvement, or renewable energy improvement, qualifies as a certified application and provide the Commission with a copy of the certified application.

A project's cost includes the costs of:

- the construction of improvements;
- architectural, engineering, consulting, accounting, and legal costs related directly to the development, financing, and construction of improvements;
- finance costs, the costs of issuing Sustainable Energy Trust bonds, and costs incurred in carrying out any trust agreement;
- the refunding of any outstanding obligations incurred for certain costs; and
- other costs incidental to any of the costs listed.

"Energy efficiency improvement" means an installation or modification that is designed to reduce energy consumption in residential or commercial buildings. The term includes, but is not limited to: (a) insulation; (b) storm windows and doors; (c) automatic energy control systems; (d) heating, ventilating, or air conditioning and distribution system modifications or replacements in buildings or central plants; (e) caulking and weather stripping; (f) energy recovery systems; and (g) day lighting systems.

"Renewable energy improvement" means a fixture, product, system, device, or interacting group of devices installed behind the meter of any residential or commercial building that produces energy from renewable resources. The term includes, but is not limited to: (a) photovoltaic systems; (b) solar thermal systems; (c) small wind systems; (d) biomass systems; and (e) geothermal systems.

#### **Substitute Bill Compared to Original Bill:**

The substitute bill removes provisions permitting consumer-owned utilities, electric utilities, and natural gas utilities to collect a monthly system benefits charge (called a "smart and sustainable energy charge") from all retail electricity or natural gas customers served by the utility. Requirements for investor-owned utilities to submit a Sustainable Energy Trust proposal to the Utilities and Transportation Commission are removed. Requirements for consumer-owned utilities to submit to its governing board for approval of a Sustainable Energy Trust proposal before collecting a smart and sustainable energy charge are removed. The definitions for "smart energy" and "sustainable energy resources" are removed. The substitute bill removes provisions relating to the Sustainable Energy Trust Fund Account.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Staff Summary of Public Testimony:**

(In support) Homeowners and utilities would be provided with a resource to allow them to install new distributed energy generation technologies. This bill is modeled on the Berkley, California model. In Berkley, homeowners voluntarily levy their property tax assessment for a certain amount to pay for a solar electric system. The City of Berkley sells bonds that pay for the unit and the homeowner pays the cost of the unit on a monthly basis over a number of years. There is a great amount of efficiency to be gained by creating a state system rather than establishing programs on a city by city basis. There is work that needs to be accomplished on how to set up the bonding part of the policy.

(In support with concerns) This bill is the missing piece of the renewable energy puzzle. A voluntary finance program is the next step in accelerating deployment of these technologies.

(Opposed) None.

**Persons Testifying:** (In support) Representative Morris, prime sponsor; and Naomi Meyer, Washington State Legislative Youth Advisory Council.

(In support with concerns) Carrie Dolwick, Northwest Energy Coalition.

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