Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Energy & Communications Committee

HB 1747

Brief Description: Reducing climate pollution in the built environment.

Sponsors: Representatives Rolfes, Chase, Upthegrove, Hasegawa, Eddy, Liias, Ormsby, Pedersen, Dunshee, McCoy, Morris, Carlyle, Dickerson, Hudgins, Moeller, Sells, Kenney, White and Nelson.

Brief Summary of Bill

- Establishes performance standards, benchmarking, and other reporting requirements for public buildings.
- Requires utilities to record and disclose energy consumption data for public buildings and non-public, non-residential buildings.
- Directs the State Building Code Council to adopt State Energy Codes to achieve certain energy efficiency targets.
- Authorizes cities to create a conservation utility to provide conservation measures to customers.

Hearing Date: 2/2/09

Staff: Kara Durbin (786-7133)

Background:

State Energy Code
The State Energy Code is part of the State Building Code, which sets the minimum construction requirements for buildings in the state. The State Energy Code provides a minimum level of energy efficiency for residential and non-residential buildings, but allows flexibility in building design, construction, and heating equipment efficiencies.

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 State Building Code Council (Council) maintains the State Energy Code and may amend the State Energy Code by rule. The State Energy Code was last amended in 2006. The deadline for the proposed 2009 changes to the State Energy Code is March of 2009.

Energy Star

In 1992, the United States Environmental Protection Agency introduced Energy Star as a voluntary labeling program designed to identify and promote energy-efficient products. Since its inception in 1992, the Energy Star program has expanded to include technical information and energy management tools.

One of the energy management tools offered by Energy Star is called the Portfolio Manager program. The Portfolio Manager program is used to track and assess energy and water consumption for an individual building or an entire building portfolio. Energy consumption and cost data can be entered into a Portfolio Manager account to track energy performance, assess energy management goals, and identify areas for savings.

Another tool offered by Energy Star is the National Energy Performance Rating System. This rating system is a type of external benchmark that assesses how efficiently a particular building uses energy, as compared to similar buildings nationwide. The rating system ranges from one to 100. A rating of 50 indicates average energy performance, while a rating of 75 or better indicates above-average energy performance.

Climate Action Team

The Climate Action Team (CAT), a broad-based group of Washington business, academic, tribal, state and local government, labor, religious, and environmental leaders worked throughout 2007 and 2008 to develop a comprehensive set of state-level policy recommendations that are intended to help meet the state's mandatory requirements for reducing greenhouse gas emissions to 1990 levels by 2020, and 50 percent below 1990 levels by 2050.

The CAT focused its efforts in four areas through Implementation Work Groups: the built environment, transportation, reducing the waste stream, and the role of the State Environmental Policy Act.

The Energy Efficiency and Green Buildings (EEGB) Implementation Work Group's objective was to identify actions that could result in significant emission reductions in Washington's built environment, both directly through reduced use of fossil fuel-based energy and indirectly by reducing the use of greenhouse gas emissions intensive products.

The EEGB made three recommendations to the Climate Action Team in its final report:

1. Incentive- based approaches should be established to encourage the design, construction, and operation of buildings with superior energy performance, as well as to encourage the use of combined heat and power, distributed electricity generation, and other distributed and district energy and water systems.
2. The energy efficiency of public buildings should be upgraded through performance standards, benchmarking requirements, and other measures.

3. The Washington State Energy Code should be revised to achieve a 30 percent reduction in new building energy use, and a long-term state building and carbon reduction strategy should be established.

Conservation Programs

Consistent with the provisions of the Washington Constitution, municipal utilities and public utility districts may assist customers in energy conservation measures for existing structures, provided that any financing provided does not result in a conversion from one energy source to another. Energy conservation measures in existing structures may include installation of a distributed electricity generation system that uses a renewable resource that is available on-site.

Several municipal utilities and public utility districts operate conservation programs. Typically these programs offer rebates to customers for purchasing more efficient products, such as Energy Star certified appliances or compact fluorescent bulbs, or offer loans to customers for efficiency measures, such as weatherization.

Summary of Bill:

State Energy Code

The State Energy Code for residential and non-residential buildings must reflect the 2006 edition of the State Energy Code, as may be amended by the State Building Code Council (Council) by rule. Existing technical standards for residential buildings, which have been superseded by rule, are removed.

The Council must adopt new state energy codes requiring that new buildings and homes be built to achieve certain reductions in energy use, ranging from a 40 percent reduction by 2013 to a 70 percent reduction by 2031. The 2006 State Energy Code must be used as the baseline in determining the reductions. If the Council determines that economic, technological, or process factors would significantly impede compliance with these reduction targets, the Council must report to the Legislature the December before the year in which those reduction targets would otherwise be enacted by the Council.

Energy Efficiency Strategic Plan

The Department of Community, Trade and Economic Development (CTED) must develop and implement a strategic plan for enhancing energy efficiency and reducing greenhouse gas emissions from homes, buildings, districts and neighborhoods. This plan must be used to direct future increases in the State Energy Code. The plan will identify barriers to achieving net zero energy use in homes and buildings and identify how to overcome those barriers in updated energy codes and policies. The Council and DCTED must convene a work group to inform the initial development of the strategic plan. The plan must be completed by December 31, 2010.

Energy Consumption Data

Beginning January 1, 2010, qualifying utilities must maintain records of the energy consumption of all non-residential and qualifying public agency buildings for which they provide service. Upon receiving authorization from a non-residential building owner or operator, the qualifying utility must upload all of the energy consumption data associated with that building to the portfolio manager. Non-public non-residential building performance data must be uploaded

either in 2011 or 2012, depending on the size of the building. This data must be disclosed to a prospective buyer, lessee, or lender.

Energy Benchmarks
By January 1, 2010, the Department of General Administration must establish a State Portfolio Manager Master Account.

By July 1, 2010, each qualifying public agency must: (1) create an energy benchmark using a portfolio manager; (2) report the rating for each reporting public facility; and (3) link all portfolio manager accounts to the State Portfolio Manager Master Account.

Any reporting public facility with a National Energy Performance Rating score below 50 must undertake a preliminary energy audit by July 1, 2011. If potential cost-effective energy savings are identified, an investment grade energy audit must be completed by July 1, 2012, with implementation of the cost-effective energy conservation measures by July 1, 2015.

The state may not renew leases with buildings that have a portfolio manager score below 50.

Buildings that are not covered by the National Energy Performance Rating score must undertake a preliminary energy audit by July 1, 2012. If cost-effective energy savings are identified, an investment grade energy audit must be completed by July 1, 2013.

Creation of a Conservation Utility
A municipality may form a conservation utility for the purpose of providing services that lead to the more efficient consumption of energy resources. The conservation utility may control the use, distribution, and rates or charge for energy conservation services and facilities provided to customers, provided that the rates are uniform for the same class of customer or service.

Any reductions in greenhouse gas emissions achieved from energy conservation services and facilities provided by a conservation utility are owned by the conservation utility, unless otherwise provided. Any reductions owned by the conservation utility may be sold to cities, counties, or public utility districts, or they may be sold as renewable energy credits to electric utilities.

Conservation Measures
A county, city, town, or district may provide grants for conservation improvements to existing structures owned or occupied by individuals qualifying as poor or infirm. The county, city, town or district and the property owner must enter into a loan agreement, in which the county, city, town or district retains a statutory lien on the property.

Loans may be used to secure and repay general obligation or revenue bonds, notes, or other forms of indebtedness issued by or on behalf of the county, city, town or district. In order to secure the payment of the principal and interest on any bonds or notes, the county, city, town or district may create a reserve fund.

Weatherization

The Department of Community, Trade and Economic Development (DCTED) may consider proposals for sustainable residential weatherization efforts as part of its low-income weatherization program.

Appropriation: None.

Fiscal Note: Requested on January 29, 2009.

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