

**SENATE BILL 5245**

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**State of Washington**

**52nd Legislature**

**1991 Regular Session**

**By** Senators Thorsness, Sutherland, Williams, Jesernig, Stratton, Bauer and Conner; by request of Governor Gardner.

Read first time January 24, 1991. Referred to Committee on Energy & Utilities.

1 AN ACT Relating to state energy policy; amending RCW 39.35.030;  
2 adding new sections to chapter 43.21F RCW; adding a new chapter to  
3 Title 39 RCW; adding new sections to chapter 39.35 RCW; creating a new  
4 section; and repealing 1982 c 159 s 6 (uncodified).

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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

8 The legislature finds that after a period of ample, relatively low-  
9 cost energy supplies, the state is now facing many difficult decisions  
10 necessary to ensure adequate, reliable, affordable, and environmentally  
11 acceptable energy resources for the future. The state has experienced  
12 rapid growth in electric demand, resulting in the depletion of the  
13 regional electricity surplus and the straining of transmission system  
14 capacity. Significant resource additions will be required to assure  
15 future electricity supply. These resource additions will frequently be

1 controversial and significantly more expensive than the existing  
2 electrical supply.

3 Similarly, growth and low prices have increased our reliance on  
4 petroleum. Recent events, however, have demonstrated that the price  
5 and supply of petroleum are vulnerable to disruptions that have  
6 significant adverse effects on the state's economy and well-being.

7 Finally, there is a growing realization that decisions made about  
8 energy supply and use frequently have significant consequences for the  
9 quality of our environment, ranging from risks of oil spills, to air  
10 quality, to endangered species, to the threat of global climate change.  
11 Energy decisions will inevitably involve difficult trade-offs among  
12 economic, environmental, and energy security considerations.

13 The legislature further finds that the institutions responsible for  
14 decisions about energy and that affect energy are diverse, frequently  
15 lack comprehensive authority, and often have conflicting mandates.  
16 While sophisticated planning is carried out in many energy sectors,  
17 that planning frequently cannot adequately address issues that involve  
18 other energy sources. Decisions that affect energy development and  
19 use, such as transportation, land use, and some environmental  
20 regulations, have no guidelines for taking energy considerations into  
21 account.

22 The legislature finds that the relatively stable energy situation  
23 in the last decade has diminished public understanding of energy  
24 choices, issues, and trade-offs. Energy decisions affect all citizens  
25 of the state and require public education and broad-based participation  
26 to assist the leaders of the state in making these difficult decisions  
27 for our future.

28 The legislature further finds that the state has a responsibility  
29 to effectively manage energy expenditures for public facilities and to  
30 demonstrate leadership in efficient use and generation of energy.

1 Washington citizens spend in excess of one hundred million dollars  
2 annually for energy costs at public schools and state facilities.  
3 Energy is a growing expense, but these costs can be stabilized and  
4 reduced by investing in opportunities that cut energy budgets and  
5 generate revenue through energy efficiency and generation. It is in  
6 the interests of the citizens of the state to immediately move forward  
7 to invest in energy efficiency in public facilities as a means of  
8 minimizing the state's fiscal vulnerability associated with volatile  
9 energy prices.

10 It is the intent of the legislature to direct the development of a  
11 state energy strategy which identifies key energy issues facing the  
12 state over the next ten to twenty years; illuminates alternative  
13 choices and their economic, security, and environmental costs,  
14 benefits, risks, and trade-offs; establishes goals to guide energy-  
15 related decisions; and provides recommendations for guiding our energy  
16 future. The legislature intends that the development of the state  
17 energy strategy include the ample opportunity for public involvement in  
18 the process.

19 It is also the intent of the legislature to take immediate steps to  
20 reduce public sector energy use and costs and to increase related  
21 benefits for the state and its citizens by making and facilitating  
22 investments in cost-effective energy efficiency and generation  
23 opportunities at state facilities and public schools, and to provide a  
24 flexible array of financing options and other mechanisms to achieve  
25 these ends. It is the intent of the legislature that the public sector  
26 serve as a model of energy-efficient operation and management for the  
27 citizens of the state.

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

1 (1) The state energy office shall develop a state energy strategy.  
2 The strategy shall be developed in consultation with the utilities and  
3 transportation commission, the energy facility site evaluation council,  
4 the state's representatives to the Northwest power planning council,  
5 the department of ecology; the department of transportation, other  
6 relevant state agencies, the Bonneville power administration, public  
7 and investor-owned electric and gas utilities, other energy suppliers,  
8 consumers, environmental groups, and the legislature. The director of  
9 the energy office shall establish any necessary advisory and technical  
10 groups to assist in the development of the strategy. The director  
11 shall provide for extensive public involvement throughout the  
12 development of the state energy strategy.

13 (2) The state energy strategy shall provide a framework in which  
14 future decisions regarding energy supply, use, and policy can be  
15 evaluated. The state energy strategy shall:

16 (a) Consider all forms of energy and address each sector of energy  
17 consumption;

18 (b) Assess future energy needs of the state;

19 (c) Evaluate alternatives for meeting needs and consider economic,  
20 security, and environmental costs and benefits;

21 (d) Consider and avoid duplication of existing energy planning  
22 efforts;

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

25 (f) Establish goals to guide energy-related decisions; and

26 (g) Provide policy recommendations to the governor and the  
27 legislature.

28 (3) The energy office shall provide a progress report to the house  
29 of representatives and senate committees on energy and utilities in

1 January 1992. A final report shall be provided to the governor and the  
2 legislature by December 1, 1992.

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

6 (1) "Cogeneration" means the sequential generation of two or more  
7 forms of energy from a common fuel or energy source. If these forms are  
8 electricity and thermal energy, then the operating and efficiency  
9 standards established by 18 C.F.R. Sec. 292.205 and the definitions  
10 established by 18 C.F.R. 292.202 (c) through (m) apply.

11 (2) "Conservation" means reduced energy consumption or energy cost,  
12 or increased efficiency in the use of energy, and activities, measures,  
13 or equipment designed to achieve such results, but does not include  
14 district heating and cooling, or electric production from cogeneration.

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

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

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

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

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

24 (8) "Host institution" means the local administrative body  
25 responsible for the public facility at which an energy efficiency  
26 measure or project is or may be implemented.

27 (9) "Local government" means a county, city, town, school district  
28 or other municipal corporation, political subdivision, or taxing  
29 district in the state.

1 (10) "Person" means a natural person, private or public  
2 corporation, partnership, or association, or a combination thereof.

3 (11) "Project" means a project or projects designed to result in  
4 energy efficiency.

5 (12) "Public entity" means a Washington state agency, school  
6 district, or other local government.

7 (13) "Public facility" means a building or structure, or a group  
8 of buildings or structures at a single site, owned by a public entity.

9 (14) "State agency" means every state office or department, whether  
10 elective or appointive, state institutions of higher education, and all  
11 boards, commissions, or divisions of state government, however  
12 designated.

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

15 (16) "Utility" means privately or publicly owned electric, gas,  
16 heating, and water utilities, electric cooperatives, and federal power  
17 marketing agencies, whether located within or without Washington state.

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

22 (2) The energy office shall assist public entities and host  
23 institutions in identifying, evaluating, and implementing cost-  
24 effective energy efficiency projects at public facilities. The  
25 assistance shall include but is not limited to notifying public  
26 entities of their responsibilities under this chapter; apprising them  
27 of opportunities to develop and finance such projects; providing  
28 technical and analytical support; reviewing verification procedures for  
29 energy savings; and assisting in the structuring and arranging of

1 financing for projects expected to result in reduced energy use or  
2 costs, increased energy efficiency, or other net benefits for public  
3 entities and the state. Pursuant to written agreements the energy  
4 office shall obtain reimbursement for such assistance, including  
5 reimbursement from third parties participating in such projects, for  
6 any costs and expenses incurred in providing such assistance.

7 (3) The energy office shall consult with electric utilities  
8 regarding energy efficiency projects implemented pursuant to this  
9 chapter, at public facilities in the utility's service territory.

10 NEW SECTION. **Sec. 5.** (1) The energy office shall coordinate the  
11 sale, exchange, or transmission of energy generated or saved at state  
12 agencies and school districts at their facilities to and with utilities  
13 for the purpose of preserving and increasing the benefits received by  
14 such agencies and schools and the state.

15 (2) State agencies and school districts considering submitting or  
16 participating in an offer to a utility for the sale or exchange of  
17 energy generated or saved at their facilities shall notify the energy  
18 office in advance of preparing the offer of their intention to submit  
19 or participate. The advance notice must be within thirty days before  
20 submittal of the offer to the energy office.

21 (3) In an effort to increase the benefit for state agencies and  
22 school districts in sales or exchanges of energy generated or saved  
23 with utilities or other entities for energy generated or saved at  
24 public facilities, the energy office shall be involved in these  
25 transactions in the following manner:

26 (a) The energy office and the host institution must both approve  
27 any transaction that provides resources to a utility or other entity in  
28 the form of energy generated or saved at state or school district  
29 facilities.

1 (b) The energy office and the host institution shall work together  
2 throughout the planning and negotiation process for major transactions.

3 (c) The energy office shall negotiate directly with utilities in an  
4 effort to increase the financial benefit state agencies or school  
5 districts will receive from utility resource acquisition efforts or  
6 programs.

7 (d) The energy office may base its approval upon a review of an  
8 individual project or an utility program. Review by the energy office  
9 may include but is not limited to the technical and economic  
10 feasibility of a proposed measure or project, the adequacy of  
11 procedures proposed for verification of resource performance, the  
12 degree of certainty of benefits, and the benefits offered to the state  
13 or school district relative to the value of the resource to the  
14 utility.

15 (4) The energy office may waive review and approval for  
16 transactions or classes of transactions if it determines that its  
17 participation will not further the purpose of this section.

18 (5) The energy office shall develop and publish guidelines and  
19 procedures for compliance with this section by January 1, 1992.

20 NEW SECTION. **Sec. 6.** In order to implement a wide variety of  
21 cost-effective energy efficiency projects for public entities and the  
22 state, funding and financing sources that may be employed include but  
23 are not limited to:

24 (1) Capital budget funding, where authorized;

25 (2) Financing contracts under chapter 39.94 RCW;

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

27 (4) Energy service contracts with private or public service  
28 providers; and



1 (5) The energy efficiency account established by section 9 of this  
2 act.

3 NEW SECTION. **Sec. 7.** In addition to any other authorities  
4 conferred by law:

5 (1) The energy office may, with the consent of the state agency or  
6 host institution responsible for a facility:

7 (a) Develop and finance conservation at state and school district  
8 facilities;

9 (b) Contract for energy services, including but not limited to,  
10 shared savings, guaranteed savings, or other performance-based  
11 arrangements at state facilities;

12 (c) Contract to sell or exchange electric energy generated or saved  
13 by energy efficiency projects at public facilities to or with utilities  
14 or other state agencies;

15 (d) Contract to sell or exchange thermal energy produced at state  
16 facilities to or with utilities, state agencies, or other persons;

17 (e) Undertake procurements for third party development of energy  
18 efficiency projects at state facilities, with successful proposers to  
19 be selected based on the responsible bid, including nonprice elements  
20 listed in RCW 43.19.1911, that offers the greatest net achievable  
21 benefits to the state and its agencies; and

22 (f) Participate in negotiations, competitive procurements, and  
23 other activities necessary or convenient for these purposes.

24 (2) Subject to section 5 of this act concerning certain utility  
25 transactions, state and regional universities, and other state agencies  
26 acting through the department of general administration or as otherwise  
27 authorized, may exercise the authorities enumerated in subsection (1)  
28 of this section for their facilities and may also:

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

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

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

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

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

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

15 (4) The authorities under this section may be exercised only if  
16 their exercise is reasonably expected to yield lower energy use or  
17 costs or higher energy efficiency, or other net benefits including but  
18 not limited to cash revenues, site enhancements, or environmental  
19 improvements, for the host institution, the agency, or the state over  
20 the life of the measures or projects to be undertaken.

21 NEW SECTION. **Sec. 8.** The energy office may use the net proceeds  
22 of bonds issued pursuant to capital budget authorization to make loans,  
23 in accordance with RCW 43.21F.060(2), to school districts to provide  
24 all or part of the financing for conservation projects. The energy  
25 office shall determine the eligibility of such projects for  
26 conservation loans and the terms of such loans. The repayments of such  
27 loans shall be sufficient to pay, when due, the principal of and  
28 interest on the bonds, the proceeds of which are used to fund said  
29 conservation loans. The payments of principal of and interest on said

1 conservation loans shall be pledged to the extent required to the  
2 payment of said bonds. The obligation to repay such loans shall have  
3 status equal to an obligation to make payment on nonvoted debt. To the  
4 extent that a school district applies the proceeds of such loans to a  
5 modernization project, such proceeds shall be considered a portion of  
6 the school district's share of the costs of such project.

7 NEW SECTION. **Sec. 9.** (1) The energy efficiency account is hereby  
8 created in the state treasury. Moneys in the account may be spent on  
9 efforts to reduce future energy use and costs, to increase energy  
10 efficiency, or to capture ancillary net benefits from energy projects  
11 such as improved reliability for public entities. The source of funds  
12 for this account include, where appropriate, proceeds of general  
13 obligation bonds, project revenue bonds, loan repayment revenue  
14 including repayment of loans initially financed through the energy  
15 office in the 1989-91 biennium capital budget, and other appropriate  
16 revenue sources. Funds from this account shall be used for  
17 construction and implementation of energy efficiency projects. Use of  
18 these funds may include but is not limited to project evaluation and  
19 verification of benefits, project design, project development, project  
20 construction and implementation, and project administration.

21 (2) Moneys in the account shall be administered by the energy  
22 office.

23 (3) The energy office may receive and accept funds and make  
24 deposits to the account from any source, including but not limited to  
25 other federal, state, and local government agencies and revenues from  
26 public or private sales of energy generated or saved at public  
27 facilities.

28 (4) Disbursements from the account shall be subject to  
29 appropriation.

1 (5) The energy office shall establish criteria to approve energy  
2 efficiency projects to be financed from funds disbursed from this  
3 account. The criteria will include but not be limited to cost-  
4 effectiveness, reliability, and environmental costs or benefits. The  
5 energy office shall ensure that the criteria are applied with  
6 professional standards for engineering and review.

7 NEW SECTION. **Sec. 10.** (1) The energy services account is  
8 hereby created in the state treasury. Funds in this account shall be  
9 used by the energy office to provide energy efficiency services to  
10 public entities including administration of payments on principal and  
11 interest of bonds. This account shall be treated as a budgeted  
12 internal services account to be administered by the energy office.  
13 Periodically, the director of the office of financial management shall  
14 examine the balance of this account. The energy office in conjunction  
15 with the office of financial management is empowered to transfer funds  
16 from the energy services account to the general fund as appropriate.  
17 These transfers shall first be made to meet debt repayment requirements  
18 and other requirements under bond resolutions and secondarily for other  
19 general fund purposes. The energy office may receive and accept funds  
20 and make deposits to the account from any source, including but not  
21 limited to other federal, state, and local government agencies, utility  
22 revenue, project fees, loan repayment revenue, and revenues from public  
23 or private sales of energy generated or saved at public facilities.

24 (2) Within one hundred eighty days of the effective date of this  
25 act, the energy office shall adopt rules establishing criteria and  
26 procedures for setting a fee schedule, working capital requirements,  
27 receiving deposits, and making repayments to and disbursements from the  
28 account. A biennial business plan shall be prepared for this account.

1 NEW SECTION. **Sec. 11.**

(1) Potential benefits from energy efficiency projects at public facilities include but are not limited to savings in the form of reduced energy costs; revenues from lease payments, sales of energy or energy savings, or other sources; avoided capital costs; site enhancements; additional operating and maintenance resources; and environmental improvements.

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

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

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

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

(3) Each state host institution's share of net revenues and net savings from energy efficiency projects other than conservation shall be credited to a special local fund, the use of which shall be limited, in priority order, to ongoing operation, maintenance, and improvements of energy systems and energy efficiency measures, to other ongoing and deferred maintenance, and to other infrastructure improvements at the facility.

(4) The state's share of net revenues and of net savings from energy efficiency projects other than conservation, and any portion of

1 the host institution's share which exceeds its needs for the purposes  
2 specified in subsection (3) of this section, shall be deposited in the  
3 energy services account established by section 10 of this act.

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

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

16 (7) For purposes of this section, "net" savings and revenues shall  
17 mean savings and revenues remaining after payment of project capital  
18 costs, including debt service, debt service and loss reserves,  
19 arbitrage rebate accounts, mandatory renewal and replacement funds,  
20 such other payments and reserves as required by a bond resolution or  
21 loan agreement under this chapter, and payment of project operating and  
22 maintenance expenses. The energy office shall develop guidelines and  
23 procedures for establishing net savings and net revenues for energy  
24 efficiency projects at state facilities by April 1, 1992.

25 NEW SECTION. **Sec. 12.** All interest received or earned on  
26 money deposited in each and every fund or account provided for in this  
27 chapter shall be credited to and become a part of the particular fund  
28 upon which the interest accrues, unless the state finance committee  
29 directs otherwise.

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

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

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

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

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

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

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

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

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

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

1 (a) The coordination and positioning of a major facility on its  
2 physical site;

3 (b) The amount and type of fenestration employed in a major  
4 facility;

5 (c) The amount of insulation incorporated into the design of a  
6 major facility;

7 (d) The variable occupancy and operating conditions of a major  
8 facility; and

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

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

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

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

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

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

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



1 (11) "Renewable energy systems" means methods of facility design  
2 and construction and types of equipment for the utilization of  
3 renewable energy sources including, but not limited to, active or  
4 passive solar space heating or cooling, domestic solar water heating,  
5 windmills, waste heat, biomass and/or refuse-derived fuels,  
6 (~~cogenerated energy,~~) photovoltaic devices, and geothermal energy.

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

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

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

21 (1) Address energy considerations during the planning phase of the  
22 project;

23 (2) Identify energy components and system alternatives including  
24 renewable energy systems and cogeneration applications prior to  
25 commencing the energy consumption analysis;

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

1 (4) Specify the assumptions to be used for escalation and inflation  
2 rates, equipment service lives, economic building lives, and  
3 maintenance costs;

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

6 (6) Provide for review and approval of life-cycle cost analysis by  
7 the energy office.

8 NEW SECTION. **Sec. 15.** A new section is added to chapter 39.35  
9 RCW to read as follows:

10 The energy office may impose fees upon affected public agencies for  
11 the review of life-cycle cost analysis reports. The fees shall be  
12 deposited in the energy services account established in section 10 of  
13 this act. The purpose of the fee is to recover the costs by the office  
14 for review of the analysis reports. The office shall set fees at a  
15 level necessary to recover all of its costs related to increasing the  
16 energy efficiency of state-supported new construction. The fees shall  
17 not exceed one-tenth of one percent of the total cost of any project.  
18 The office shall provide detailed calculation ensuring that the energy  
19 savings resulting from its review of life-cycle cost analysis justify  
20 the costs of performing that review.

21 NEW SECTION. **Sec. 16.** The energy office may adopt rules to  
22 implement sections 4 through 6, 11, and 14 of this act.

23 NEW SECTION. **Sec. 17.** Sections 3 through 12 and 16 of this  
24 act shall constitute a new chapter in Title 39 RCW.

25 NEW SECTION. **Sec. 18.** 1982 c 159 s 6 (uncodified) is hereby  
26 repealed.

1        NEW SECTION.    **Sec. 19.**        This act shall be construed liberally  
2 to effectuate its purpose.

3        NEW SECTION.    **Sec. 20.**        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.