

SENATE BILL REPORT

ESB 5831

AS PASSED SENATE, MARCH 15, 1993

Brief Description: Limiting certain payments by electrical utilities to owners of residences in which the primary heat source is electric resistance space heat.

SPONSORS: Senators Barr, Sutherland and McCaslin

SENATE COMMITTEE ON ENERGY & UTILITIES

Majority Report: Do pass as amended.

Signed by Senators Sutherland, Chairman; Amondson, Hochstatter, McCaslin, Roach, A. Smith, Vognild, West, and Williams.

Staff: Phil Moeller (786-7445)

Hearing Dates: February 25, 1993

BACKGROUND:

In 1990 the Legislature enacted higher energy efficiency building codes for new residential construction. These codes specify required levels of housing envelope components such as insulation thickness, window efficiency, the amount of window space allowed, minimum heat pump efficiencies, and others.

Because of differences in climates throughout the state and the varying costs of heating with different fuels, four sets of codes were developed. The state was divided by county into colder and warmer divisions; each of these divisions had different requirements depending on whether the residence was heated with electricity or with another fuel.

Part of the 1990 compromise surrounding these higher energy codes was a requirement that retail electrical utilities pay for part of the added costs of the more efficient components. The payments are made to the owner of the residence at the time it was constructed. These payments were intended to be available only to residences heated with electric space heat with floor space of 2,000 square feet or less. For homes, the owner receives \$900; for each apartment unit the owner of the building receives \$390. If a retail utility purchases at least 1 percent of its firm load from the Bonneville Power Administration (BPA), half of its costs of this program are reimbursed by BPA. Because the added measures save energy over the life of the residence, this can be considered a purchase of electrical resources by the regional electric ratepayers.

The State Building Code Council (SBCC) was required to adopt rules clarifying the details of the 1990 legislative

directive. When adopting these rules the SBCC attempted to assure that any residence potentially heated with electric heat as a secondary heat source would be built to the higher standards of a residence heated with electricity as its primary heat source. This was accomplished by setting a threshold of one watt of installed electric heating capacity per square foot of residential living space. Exceeding this threshold means a residence is classified as heated with electric space heat and must meet the higher codes.

In at least one location, residences have been constructed to the higher electric code but with natural gas as the primary heat source. However, these residences have had enough installed electric space heat capacity (over one watt per square foot) to qualify for the \$900 payments. Because the intent of the payments is for electric ratepayers to "purchase" the savings of electricity, some entities contend that any payment to homes heated with natural gas as the primary heat source constitutes an unfair subsidy by electric ratepayers.

SUMMARY:

It is clarified that payments to the owners of newly constructed residential buildings are available only when the residences have electricity as the primary heat source.

Appropriation: none

Revenue: none

Fiscal Note: requested February 25, 1993

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

This legislation corrects a loophole that was never intended to be created.

TESTIMONY AGAINST: None

TESTIFIED: Senator Barr, prime sponsor; Catherine Wick, Washington Water Power; Judith Darst, State Building Code Council staff