

# SENATE BILL REPORT

## SSB 5647

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As Passed Senate, March 12, 2001

**Title:** An act relating to the improvement of energy efficiency in state-funded public buildings through adoption of energy efficiency standards for new buildings, energy audits of existing state-funded public buildings, and performance-based energy service contracting.

**Brief Description:** Requiring new energy efficiency measures.

**Sponsors:** Senate Committee on Environment, Energy & Water (originally sponsored by Senators Regala, Thibaudeau, Jacobsen, Eide, Rasmussen, Fraser, Kohl-Welles, Hale, Winsley, Fairley, Shin, Prentice, Patterson, Constantine, Franklin, Costa, Kastama, McAuliffe, Kline, Haugen and Oke; by request of Governor Locke).

**Brief History:**

**Committee Activity:** Environment, Energy & Water: 2/9/01, 2/20/01 [DPS-WM].

Ways & Means: 2/27/01, 3/6/01 [DPS (EEW)].

Passed Senate: 3/12/01, 48-0.

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### SENATE COMMITTEE ON ENVIRONMENT, ENERGY & WATER

**Majority Report:** That Substitute Senate Bill No. 5647 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Fraser, Chair; Regala, Vice Chair; Eide, Hale, Jacobsen, McDonald, Morton and Patterson.

**Staff:** Andrea McNamara (786-7483)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5647 as recommended by Committee on Environment, Energy & Water be substituted therefor, and the substitute bill do pass.

Signed by Senators Brown, Chair; Constantine, Vice Chair; Fairley, Vice Chair; Fraser, Hewitt, Kline, Kohl-Welles, Long, Parlette, Rasmussen, Regala, Sheahan, B. Sheldon, Snyder, Spanel, Winsley and Zarelli.

**Staff:** Mike Groesch (786-7434)

**Background:** Energy conservation in the design of public buildings. When a public agency determines that a major new facility should be built or renovated, a life-cycle cost analysis must be completed in the design phase of the project. The life-cycle cost analysis must conform to guidelines established by the Department of General Administration (GA). The agency may accept the facility design if it is satisfied that the life-cycle cost analysis provides an efficient energy system.

The life-cycle cost analysis includes, among other elements, an energy consumption analysis. An energy consumption analysis is an evaluation of all energy systems and components by demand and type of energy. The analysis must include a comparison of three or more system alternatives, one of which must be a renewable energy system.

A priority program of the U.S. Green Building Council is the LEED Green Building Rating System. A building may be certified as meeting one of the four levels of compliance with the LEED criteria depending on the percentage of compliance. A bronze certification is the lowest level, meeting 50-60 percent of the criteria; silver meets 61-70 percent; gold meets 71-80 percent; and platinum meets 81-90 percent.

Performance based contracting by municipalities. Municipalities may enter into performance-based energy contracts for equipment and services that are intended to reduce energy use or energy costs of an existing building. A performance-based contract allows for payment to be made under the contract from savings attributable to the use of the equipment and services.

Energy conservation audits and projects. In 1980, the Legislature directed GA to conduct an energy audit of state-owned buildings and to make modifications and installations to maximize energy efficiency. The audits were to be completed by 1983. As a result of the audits, modifications to physical facilities were identified, and a schedule for completing acquisition and installation was set. Progress toward completion was reported by the director of GA each biennium until upgrades were completed.

In 1991, GA was directed to assist state agencies and school districts in identifying and implementing cost effective conservation improvements in public buildings to minimize energy consumption and related environmental impacts and to reduce operating costs.

**Summary of Bill:** Energy conservation in design of public buildings. Energy management systems— are added into the list of energy conservation practices that must be considered as part of the life-cycle cost analysis currently required for the design of all major publicly-owned or leased facilities.

Energy management systems are defined as technology, equipment, and other measures that allow for a variety of demand-side management practices to be utilized by public agencies. They may include interactive communication with their energy supplier about the cost of energy before the time of consumption and the ability to respond contemporaneously to those price signals by managing their purchase and use of electricity in real, or nearly real time.

Renewable energy system alternatives that meet the U.S. Green Building Council's silver standard or other similar sustainable design standards are added to the energy-consumption analysis that is currently required for major facilities.

Performance contracting. Municipalities may obtain energy management systems through their existing authority to enter into performance-based contracts for energy equipment and services.

The Department of General Administration (GA) is required to maintain a registry of energy service contractors and provide assistance to municipalities in identifying available performance-based contracting services.

Conservation audits and projects. All state agencies must complete three-step energy audits by December 2002, and implement cost-effective energy conservation measures recommended as a result of those audits by June 2004. School districts must complete the three-step energy audits by June 30, 2003, and implement identified cost-effective conservation measures by December 31, 2004. An exception is made for school districts and agencies that have completed such audits or conservation measures since 1997. An additional exception is made for school districts that are unable, after reasonable efforts and consulting GA, to find a performance contractor willing to undertake the audit or install the conservation measures. Performance-based contracting is identified as the preferred method for implementing the required audits.

Standards are established for determining the cost-effectiveness of conservation measures. GA must also provide technical assistance to state agencies on a fee basis for help with implementing the audits and conservation measures required by the act.

**Appropriation:** None.

**Fiscal Note:** Requested on January 29, 2001.

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

**Testimony For:** The public sector needs to lead by example with respect to energy conservation and efficiency. It's long overdue to revitalize and update the public sector conservation efforts that were initially put in place during the last energy crisis. These programs have saved the public millions of dollars in energy costs and can save millions more by incorporating new demand management technologies. The bill encourages performance contracting, which allows the public sector to reap the benefits without having to invest the up-front costs of the audits and upgrades.

**Testimony Against:** (original bill) Concerns were raised about ambiguity over which requirements apply to school districts, and the difficulty that some smaller school districts would have in finding performance contractors. If they can't find a performance contractor willing to take on the audits and measures, school districts would be left with an unfunded mandate.

**Testified (Environment, Energy & Water):** Dave Danner, Governor's Office (pro); Clint Lougheed, GA ( pro); Danielle Dixon, NW Energy Coalition (pro); Ron Herbst, Emcor (pro); Michael Dean, Quantum Engineering (pro); Dave Sjoding, WSU Energy Program (pro); Collins Sprague, Bruce Folson, Avista Corp (pro); Ray Tobiason, Alliance of Educational Assn. (concerns); Ken Kanikeberg, OSPI (concerns); Mike Tracy, PSE (pro).

**Testified (Ways & Means):** Jim Hedrick, Office of Financial Management (pro); Clint Lougheed, GA (pro); John Lynch, GA (pro).