

# HOUSE BILL REPORT

## SHB 1895

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### As Passed Legislature

**Title:** An act relating to statewide energy efficiency.

**Brief Description:** Modifying duties of the joint committee on energy supply and energy conservation.

**Sponsors:** By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Morris, Hudgins, McCoy and B. Sullivan).

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 2/17/05, 2/24/05 [DPS];  
Capital Budget: 3/4/05, 3/7/05 [DPS(TEC)].

**Floor Activity:**

Passed House: 3/10/05, 94-0.  
Senate Amended.  
Passed Senate: 4/14/05, 46-0.  
House Concurred.  
Passed House: 4/20/05, 96-0.  
Passed Legislature.

### Brief Summary of Substitute Bill

- Authorizes municipalities to conduct energy audits and implement cost-effective energy conservation measures among multiple government entities.
- Provides that financing for implementing conservation measures may be carried out using bonds issued by the Washington Economic Development Finance Authority.

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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 8 members: Representatives Morris, Chair; Kilmer, Vice Chair; Crouse, Ranking Minority Member; Ericks, Hudgins, P. Sullivan, Takko and Wallace.

**Minority Report:** Without recommendation. Signed by 2 members: Representatives Haler, Assistant Ranking Minority Member; and Sump.

**Staff:** Sarah Dylag (786-7109).

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## HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill by Committee on Technology, Energy & Communications be substituted therefor and the substitute bill do pass. Signed by 29 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Jarrett, Ranking Minority Member; Hankins, Assistant Ranking Minority Member; Blake, Chase, Cox, DeBolt, Eickmeyer, Ericks, Ericksen, Flannigan, Green, Hasegawa, Holmquist, Kretz, Kristiansen, Lantz, McCune, Moeller, Morrell, Newhouse, O'Brien, Roach, Schual-Berke, Serben, Springer, Strow and Upthegrove.

**Staff:** Sarah Dylag (786-7109).

### **Background:**

#### Joint Committee on Energy Supply.

The Joint Committee on Energy Supply is composed of eight legislative members and is chaired by a member of their own choosing. It must meet at the following times: (1) at least once a year; (2) at the call of the chair to receive information related to a state or regional energy supply situation; (3) during a condition of energy supply alert or energy emergency; or (4) upon the call of the chair when the Governor acts to terminate an energy supply alert or energy emergency.

Upon the Governor's declaration of an energy supply alert or energy emergency, the Joint Committee on Energy Supply must review the Governor's plans and make recommendations. The Joint Committee on Energy Supply is also charged with approving or disapproving any requests by the Governor to extend an energy supply alert or energy emergency.

#### Energy Audits.

State agencies and school districts are required to conduct preliminary energy surveys and audits of their buildings. The Department of General Administration (Department) tracks and reports the installation of any energy conservation measures that result from the audits.

#### Washington Economic Development Finance Authority (WEDFA).

The WEDFA is an independent agency within the executive branch of state government. The WEDFA can issue nonrecourse economic development bonds on both a taxable and tax-exempt basis. The WEDFA does not receive any governmental financial support, either direct or indirect for its bonds, nor does it receive any appropriation of state funds for its administration.

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

#### Intent.

The Legislature recognizes that implementing conservation measures across all levels of government will create actual energy conservation savings, maintenance and cost savings to

state and local governments, and savings to the state economy. The Legislature intends that conservation measures be identified and aggregated within a government entity or among multiple government entities to maximize energy savings and project efficiencies.

Joint Committee on Energy Supply.

The Joint Committee on Energy Supply is renamed the Joint Committee on Energy Supply and Energy Conservation (Committee).

Energy Audits and Conservation Measures.

Aggregated energy audits and conservation measures are authorized for municipalities. Municipalities may conduct energy audits and implement cost-effective energy conservation measures among multiple government entities.

Reporting.

All municipalities must report to the Department if they implemented or did not implement, during the previous biennium, cost-effective energy conservation measures aggregated among multiple government entities. The reports must be submitted to the Department by September 1, 2007, and by September 1, 2009. In collecting the reports, the Department must co-operate with the appropriate associations that represent municipalities.

The Department must prepare a report summarizing the reports submitted by municipalities. The Department must submit the report to the Committee by December 31, 2007, and by December 31, 2009.

Financing.

Financing to implement conservation measures may be carried out with bonds issued by the WEDFA.

**Appropriation:** None.

**Fiscal Note:** Requested on March 3, 2005.

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

**Testimony For:** (Technology, Energy & Communications) (In support with concerns) Conservation measures save a lot of energy. This bill will allow the state to aggregate all levels of government, which will produce more savings. The aggregation of several types of conservation measures into one project will produce more savings. The cost of conservation has proven to be cheaper than the cost of new generation. Efficiency is the most cost-effective resource available.

The legislation will decrease energy consumption in public buildings and will provide cost savings to government agencies. Conservation increases the energy supply and does not create negative environmental effects. Utilities are already encouraging customers to

participate in programs such as this. Local governments are also currently working on these types of projects.

(Concerns) With regard to condemnation, it is unclear what needs to be condemned, why, and how. Condemnation also raises legal issues. The words "cost-effective" do not appear in the legislation and should be included. It may also be appropriate to specify that some combination of performance bonding and contract financing or other alternatives be pursued.

**Testimony For:** (Capital Budget) (In support with concerns) Although general support for House Bill 1895 exists, there are concerns about the administrative costs and what the exact responsibilities to the Department of General Administration (Department) would entail. The Department currently conducts some performance contracting and conservation projects, but the process and financing proposed in the bill would be somewhat different. Some clarifications of the proposed responsibilities of the Department under this bill may be necessary.

**Testimony Against:** (Technology, Energy & Communications) None.

**Testimony Against:** (Capital Budget) None.

**Persons Testifying:** (Technology, Energy & Communications) (In support with concerns) Bruce Folsom, Avista Utilities; Toni Potter, League of Women Voters; Bill LaBorde, Northwest Energy Coalition; Mike Tracey, Puget Sound Energy; and Victoria Lincoln, Association of Washington Cities.

(Concerns) Dave Clinton, Washington Rural Electric Cooperative Association.

**Persons Testifying:** (Capital Budget) (In support with concerns) John Lynch, Department of General Administration.

**Persons Signed In To Testify But Not Testifying:** (Technology, Energy & Communications) None.

**Persons Signed In To Testify But Not Testifying:** (Capital Budget) None.