

# FINAL BILL REPORT

## E2SSB 5649

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### PARTIAL VETO

C 379 L 09

Synopsis as Enacted

**Brief Description:** Regarding energy efficiency in buildings.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Rockefeller, Hobbs, Pridemore, Kohl-Welles, Keiser, Fraser, Sheldon, Shin, McAuliffe, Kline and Oemig).

**Senate Committee on Environment, Water & Energy**

**Senate Committee on Ways & Means**

**House Committee on Technology, Energy & Communications**

**House Committee on Ways & Means**

**Background:** In the United States, buildings account for 40 percent of total energy consumption and 70 percent of electricity consumption. The benefits of more efficient use of energy include reduced investments in energy infrastructure, lower fossil fuel dependency, improved consumer welfare, and reduced greenhouse gas emissions. Energy efficiency can be achieved by weatherizing homes and buildings. Increased energy efficiency can reduce heating bills on average by up to one-third, sometimes more. Energy efficient homes and commercial buildings have lower energy bills, and may realize other benefits such as reduction in water consumption and therefore lower water and sewer fees and an increase in property value. In addition, implementing avenues to improve home and building energy efficiency can provide jobs for weatherization and related home services.

Government programs may assist low-income households with home weatherization. The Low-Income Home Energy Assistance Program is administered through the Department of Community, Trade and Economic Development (CTED). CTED contracts with 26 community action agencies to provide resources for weatherization projects. In the last fiscal year, the program served 2771 households at an average cost of \$6,400. CTED estimates that there are approximately 300,000 low-income households currently in need. Since 1990, the weatherization program has served over 95,000 households.

In addition, the federal government in its economic stimulus package is proposing to weatherize one million homes per year for the next five years nationwide to improve energy efficiency, reduce the need for foreign oil, create living wage jobs, and stimulate the economy.

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*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.*

**Summary:** The Washington State University (WSU) is authorized to implement grants for pilot programs providing community-wide residential and commercial energy efficiency upgrades. WSU must coordinate and collaborate with CTED in the design, administration, and implementation elements of the pilot programs. There must be at least three pilot programs providing assistance for energy audits and energy efficiency related improvements to structures owned by or used for residential, commercial, or non-profit purposes.

Pilot programs receiving funding must provide a report to WSU of compliance by each sponsor receiving a grant on performance metrics such as monetary and energy savings achieved; savings-to-investment ratio achieved; wage levels of jobs created; use of pre-apprentice and apprenticeship programs; and efficiency and speed of delivery of services. WSU must review the accuracy of the reports and provide a progress report on all grant pilot programs to appropriate legislative committees by December 1 of each year.

WSU, in consultation with the Department of Agriculture, must form an interdisciplinary team of agricultural and energy extension agencies to help agricultural producers assess opportunities to increase energy efficiency in all aspects of farm energy uses.

CTED must establish a process to award grants to financial institutions to create credit enhancements for energy efficiency services and projects. CTED must give priority, when awarding grants, to financial institutions that provide consumer financial products or services and direct out-reach for energy efficiency. CTED may require any financial institution or other entity receiving funding for credit enhancements to provide information and records relating to loan loss reserves and other financing mechanisms for leveraging state and federal dollars.

CTED may create an appliance efficiency rebate program with funds available from the appliance efficiency rebate program authorized under the Federal Energy Policy Act.

Where federal funding is available for increasing and improving energy efficiency in low-income housing, it must be used to conduct energy audits and implementing energy efficiency measures for housing properties in the Housing Trust Fund Real Estate portfolio. CTED is required to review and prioritize all housing properties in the Housing Trust Fund Real Estate Portfolio to achieve the greatest energy savings, promote health and safety improvements, and use environmentally friendly sustainable practices and technology. Energy audits of 25 percent of properties over 25 years old must be completed by June 30, 2011. CTED must give priority to fund implementation of energy efficiency improvements identified in energy audits.

Local municipalities receiving federal stimulus funding through the Energy Efficiency and Conservation Block Grant program or State Energy Program may use these funds to establish loan loss reserves or risk reduction mechanisms to leverage financing for energy efficiency projects. CTED must approve all financing mechanisms offered by local municipalities, which must meet all applicable state and federal regulations.

State bond authorities may use allocated federal energy efficiency funding for designing energy efficiency finance loan products and for developing and operating energy efficiency finance programs. CTED may allocate federal funding to the state bond authorities and may

direct and administer funding for outreach, marketing, and delivery of energy services to support the bond authorities' programs.

CTED must allocate energy matchmaker funds for low-income weatherization proposals that identify and correct, to the extent possible, health and safety problems including asbestos, lead, and mold hazards; create family-wage jobs that may lead to careers in construction or energy efficiency sectors; and use, to the extent feasible, environmentally friendly sustainable technologies, practices, and designs. Priority must be given to weatherizing low-income households with incomes at or below 125 percent of the federal poverty level. CTED must require sponsors to hire individuals trained from workforce training and apprentice programs, if available, pay prevailing wages, hire from the community in which the project is located, and create employment opportunities for veterans, National Guard members, and low-income and disadvantage populations. The definition of "weatherization" is revised to "sustainable residential weatherization" to allow funding for energy and resource conservation and energy efficiency improvements, repair, and health and safety investments.

The Governor must designate an existing position within state government as the single point of accountability for all energy and climate change initiatives within state agencies. All state agencies, councils, or work groups with energy or climate change initiatives must coordinate with the person designated for this position.

**Votes on Final Passage:**

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|--------|----|----|--------------------|
| Senate | 34 | 14 |                    |
| House  | 63 | 34 | (House amended)    |
| Senate | 30 | 17 | (Senate concurred) |

**Effective:** May 7, 2009

**Partial Veto Summary:** The Governor vetoed the provision requiring a single point of accountability for all energy and climate change initiatives within state agencies.