
SENATE BILL 6398

State of Washington

62nd Legislature

2012 Regular Session

By Senators Ranker and Frockt

Read first time 01/20/12. Referred to Committee on Energy, Natural Resources & Marine Waters.

1 AN ACT Relating to energy efficient buildings; amending RCW
2 19.27A.140, 19.27A.150, and 43.330.360; adding a new section to chapter
3 19.27A RCW; adding a new section to chapter 80.28 RCW; and creating a
4 new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that improving energy
7 efficiency in structures is often the most cost-effective means to meet
8 energy requirements. While there have been significant efficiency
9 savings achieved in the state over the past quarter century, there
10 remains enormous potential to achieve even greater savings. Although
11 increased weatherization and more extensive efficiency improvements in
12 residential, commercial, and public buildings provides many benefits,
13 including reducing energy bills, avoiding the construction of costly
14 new electricity generating facilities with associated climate and other
15 environmental impacts, and creation of family-wage jobs in performing
16 energy audits and improvements, the energy efficiency market also faces
17 unique challenges that require a consistent and sustained effort by
18 utilities, building owners, our burgeoning energy efficiency business
19 sector, and the state. To achieve the full societal and financial

1 potential of energy efficiency, the state shall actively develop
2 innovative policy tools that support and encourage energy conservation
3 efforts to achieve the goal identified by the Northwest power and
4 conservation council of obtaining eighty percent of the region's future
5 energy needs through 2030 with energy conservation.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 19.27A RCW
7 to read as follows:

8 (1) Each utility providing gas or electric service to more than one
9 thousand customers shall provide a statement of energy consumption data
10 to each residential customer. At a minimum, the statement of energy
11 consumption must include a year-over-year comparison for that
12 customer's usage based upon meter data and a ranking of that customer's
13 usage compared to that of one hundred similarly situated customers.
14 The statement must be provided quarterly by any utility serving more
15 than twenty-five thousand customers and twice annually by all other
16 utilities. When a new customer account is created, that customer must
17 receive the immediately preceding energy consumption statement provided
18 to the previous occupant of the residence, unless the previous occupant
19 has refused permission for the disclosure of such information.

20 (2) Each utility providing gas or electric service that offers to
21 provide an asset rating or preliminary energy audit for residential
22 customers must collect and maintain energy consumption and energy
23 efficiency information regarding the residential structure. The type
24 of information required must be established by rule by the energy
25 policy division of the department of commerce.

26 (3) Each utility providing gas or electric service to more than
27 twenty-five thousand customers shall, when requested by a customer in
28 connection with offering the residence for sale, provide a preliminary
29 energy audit. The energy audit must be provided at no cost to the
30 customer and must include a minimum of three recommendations for
31 reducing energy consumption specific to that residential structure.

32 **Sec. 3.** RCW 19.27A.140 and 2011 1st sp.s. c 43 s 245 are each
33 amended to read as follows:

34 The definitions in this section apply to RCW 19.27A.130 through
35 19.27A.190 (~~and~~), 19.27A.020, and section 2 of this act unless the
36 context clearly requires otherwise.

1 (1) "Benchmark" means the energy used by a facility as recorded
2 monthly for at least one year and the facility characteristics
3 information inputs required for a portfolio manager.

4 (2) "Conditioned space" means conditioned space, as defined in the
5 Washington state energy code.

6 (3) "Consumer-owned utility" includes a municipal electric utility
7 formed under Title 35 RCW, a public utility district formed under Title
8 54 RCW, an irrigation district formed under chapter 87.03 RCW, a
9 cooperative formed under chapter 23.86 RCW, a mutual corporation or
10 association formed under chapter 24.06 RCW, a port district formed
11 under Title 53 RCW, or a water-sewer district formed under Title 57
12 RCW, that is engaged in the business of distributing electricity to one
13 or more retail electric customers in the state.

14 (4) "Cost-effectiveness" means that a project or resource is
15 forecast:

16 (a) To be reliable and available within the time it is needed; and

17 (b) To meet or reduce the power demand of the intended consumers at
18 an estimated incremental system cost no greater than that of the least-
19 cost similarly reliable and available alternative project or resource,
20 or any combination thereof.

21 (5) "Council" means the state building code council.

22 (6) "Embodied energy" means the total amount of fossil fuel energy
23 consumed to extract raw materials and to manufacture, assemble,
24 transport, and install the materials in a building and the life-cycle
25 cost benefits including the recyclability and energy efficiencies with
26 respect to building materials, taking into account the total sum of
27 current values for the costs of investment, capital, installation,
28 operating, maintenance, and replacement as estimated for the lifetime
29 of the product or project.

30 (7) "Energy consumption data" means the monthly amount of energy
31 consumed by a customer as recorded by the applicable energy meter for
32 the most recent twelve-month period.

33 (8) "Energy service company" has the same meaning as in RCW
34 43.19.670.

35 (9) "Enterprise services" means the department of enterprise
36 services.

37 (10) "Greenhouse gas" and "greenhouse gases" includes carbon

1 dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons,
2 and sulfur hexafluoride.

3 (11) "Investment grade energy audit" means an intensive engineering
4 analysis of energy efficiency and management measures for the facility,
5 net energy savings, and a cost-effectiveness determination.

6 (12) "Investor-owned utility" means a corporation owned by
7 investors that meets the definition of "corporation" as defined in RCW
8 80.04.010 and is engaged in distributing either electricity or natural
9 gas, or both, to more than one retail electric customer in the state.

10 (13) "Major facility" means any publicly owned or leased building,
11 or a group of such buildings at a single site, having ten thousand
12 square feet or more of conditioned floor space.

13 (14) "National energy performance rating" means the score provided
14 by the energy star program, to indicate the energy efficiency
15 performance of the building compared to similar buildings in that
16 climate as defined in the United States environmental protection agency
17 "ENERGY STAR® Performance Ratings Technical Methodology."

18 (15) "Net zero energy use" means a building with net energy
19 consumption of zero over a typical year.

20 (16) "Portfolio manager" means the United States environmental
21 protection agency's energy star portfolio manager or an equivalent tool
22 adopted by the department of enterprise services.

23 (17) "Preliminary energy audit" means (~~(a quick)~~) an evaluation by
24 an energy service company (~~(of)~~), utility, or third-party building
25 performance contractor that provides basic information on the energy
26 savings potential of a building that is less comprehensive than an
27 investment grade energy audit.

28 (18) "Qualifying public agency" includes all state agencies,
29 colleges, and universities.

30 (19) "Qualifying utility" means a consumer-owned or investor-owned
31 gas or electric utility that serves more than twenty-five thousand
32 customers in the state of Washington.

33 (20) "Reporting public facility" means any of the following:

34 (a) A building or structure, or a group of buildings or structures
35 at a single site, owned by a qualifying public agency, that exceed ten
36 thousand square feet of conditioned space;

37 (b) Buildings, structures, or spaces leased by a qualifying public

1 agency that exceeds ten thousand square feet of conditioned space,
2 where the qualifying public agency purchases energy directly from the
3 investor-owned or consumer-owned utility;

4 (c) A wastewater treatment facility owned by a qualifying public
5 agency; or

6 (d) Other facilities selected by the qualifying public agency.

7 (21) "State portfolio manager master account" means a portfolio
8 manager account established to provide a single shared portfolio that
9 includes reports for all the reporting public facilities.

10 (22) "Asset rating" means a value that represents the energy use of
11 a building or unit, based on modeled energy use under standardized
12 weather and occupancy conditions, and adjusted to account for variances
13 in energy consumption.

14 **Sec. 4.** RCW 19.27A.150 and 2010 c 271 s 306 are each amended to
15 read as follows:

16 (1) To the extent that funding is appropriated specifically for the
17 purposes of this section, the department of commerce shall develop and
18 implement a strategic plan for enhancing energy efficiency in and
19 reducing greenhouse gas emissions from homes, buildings, districts, and
20 neighborhoods. The strategic plan must be used to help direct the
21 future code increases in RCW 19.27A.020, with targets for new buildings
22 consistent with RCW 19.27A.160. The strategic plan will identify
23 barriers to achieving net zero energy use in homes and buildings and
24 identify how to overcome these barriers in future energy code updates
25 and through complementary policies. Beginning with the strategic plan
26 update due December 31, 2012, the strategic plan must analyze and
27 provide recommendations for achieving greater energy efficiency for all
28 types of buildings in the state.

29 (2) The department of commerce must complete and release the
30 strategic plan to the legislature and the council by December 31, 2010,
31 and update the plan every three years.

32 (3) The strategic plan must include recommendations to the council
33 on energy code upgrades. At a minimum, the strategic plan must:

34 (a) Consider development of aspirational codes separate from the
35 state energy code that contain economically and technically feasible
36 optional standards that could achieve higher energy efficiency for

1 those builders that elected to follow the aspirational codes in lieu of
2 or in addition to complying with the standards set forth in the state
3 energy code;

4 (b) Determine the appropriate methodology to measure achievement of
5 state energy code targets using the United States environmental
6 protection agency's target finder program or equivalent methodology;

7 (c) Address the need for enhanced code training and enforcement;

8 (d) Include state strategies to support research, demonstration,
9 and education programs designed to achieve a seventy percent reduction
10 in annual net energy consumption as specified in RCW 19.27A.160 and
11 enhance energy efficiency and on-site renewable energy production in
12 buildings;

13 (e) Recommend incentives, education, training programs and
14 certifications, particularly state-approved training or certification
15 programs, joint apprenticeship programs, or labor-management
16 partnership programs that train workers for energy-efficiency projects
17 to ensure proposed programs are designed to increase building
18 professionals' ability to design, construct, and operate buildings that
19 will meet the seventy percent reduction in annual net energy
20 consumption as specified in RCW 19.27A.160;

21 (f) Analyze the ability of each electric utility to offer an asset
22 rating or investment grade energy audit for a residential building when
23 required by a customer or when requested by the buyer or seller at the
24 time the building is sold or offered for sale. The strategic plan must
25 analyze the benefits of performing the investment grade energy audit or
26 asset rating as well as recommendations to overcome any statutory,
27 regulatory, financial, or other barriers to providing the investment
28 grade energy audit or asset rating;

29 (g) Address barriers for utilities to serve net zero energy homes
30 and buildings and policies to overcome those barriers;

31 ~~((g))~~ (h) Address the limits of a prescriptive code in achieving
32 net zero energy use homes and buildings and propose a transition to
33 performance-based codes;

34 ~~((h))~~ (i) Identify financial mechanisms such as tax incentives,
35 rebates, and innovative financing to motivate energy consumers to take
36 action to increase energy efficiency and their use of on-site renewable
37 energy. Such incentives, rebates, or financing options may consider
38 the role of government programs as well as utility-sponsored programs;

1 ~~((+i))~~ (j) Address the adequacy of education and technical
2 assistance, including school curricula, technical training, and peer-
3 to-peer exchanges for professional and trade audiences;

4 ~~((+j))~~ (k) Develop strategies to develop and install district and
5 neighborhood-wide energy systems that help meet net zero energy use in
6 homes and buildings;

7 ~~((+k))~~ (l) Identify costs and benefits of energy efficiency
8 measures on residential and nonresidential construction; and

9 ~~((+l))~~ (m) Investigate methodologies and standards for the
10 measurement of the amount of embodied energy used in building
11 materials.

12 (4) The department of commerce and the council shall convene a work
13 group with the affected parties to inform the initial development of
14 the strategic plan.

15 **Sec. 5.** RCW 43.330.360 and 2009 c 379 s 209 are each amended to
16 read as follows:

17 (1) The legislature finds that the state bond authorities have
18 capacities that can be applied to financing energy efficiency projects
19 for their respective eligible borrowers: Washington economic
20 development finance authority for industry; Washington state housing
21 finance commission for single-family and multifamily housing,
22 commercial properties, agricultural properties, and nonprofit
23 facilities; Washington higher education facilities authority for
24 private, nonprofit higher education; and Washington health care
25 facilities authority for hospitals and all types of health clinics.

26 (2)(a) Subject to federal requirements, the state bond authorities
27 may accept and administer an allocation of the state's share of the
28 federal energy efficiency funding for designing energy efficiency
29 finance loan products and for developing and operating energy
30 efficiency finance programs. The state bond authorities shall
31 coordinate with the department on the design of the bond authorities'
32 program.

33 (b) The department may make allocations of the federal funding to
34 the state bond authorities and may direct and administer funding for
35 outreach, marketing, and delivery of energy services to support the
36 programs by the state bond authorities.

1 (c) The legislature authorizes a portion of the federal energy
2 efficiency funds to be used by the state bond authorities for credit
3 enhancements and reserves for such programs.

4 (3) The Washington state housing finance commission may:

5 (a) Issue revenue bonds as the term "bond" is defined in RCW
6 43.180.020 for the purpose of financing loans for energy efficiency and
7 renewable energy improvement projects in accordance with RCW
8 43.180.150;

9 (b) Establish eligibility criteria for financing that will enable
10 it to choose applicants who are likely to repay loans made or acquired
11 by the commission and funded from the proceeds of federal funds or
12 commission bonds; and

13 (c) Participate fully in federal and other governmental programs
14 and take such actions as are necessary and consistent with chapter
15 43.180 RCW to secure to itself and the people of the state the benefits
16 of programs to promote renewable energy technologies and energy
17 efficiency (~~and renewable energy technologies~~), including but not
18 limited to educational programs and programs that encourage the
19 recognition of energy efficient features in real estate transactions.

20 NEW SECTION. Sec. 6. A new section is added to chapter 80.28 RCW
21 to read as follows:

22 A gas company or electric company regulated under this chapter may
23 provide energy consumption usage information based solely upon meter
24 records unless the customer opts to refuse permission to allow the
25 disclosure of this information. The information provided must be
26 consistent with that required under section 2 of this act. Each
27 company shall provide notice to customers of the opportunity to opt out
28 of this disclosure. Companies shall allow sixty days following the
29 notification to the customer before disclosing energy consumption data
30 and must provide a written annual notice to customers of the
31 opportunity to refuse permission to disclose this information.

32 NEW SECTION. Sec. 7. If any provision of this act or its
33 application to any person or circumstance is held invalid, the
34 remainder of the act or the application of the provision to other

1 persons or circumstances is not affected.

--- END ---