FINAL BILL REPORT
E2SHB 1095

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Synopsis as Enacted

Brief Description: Promoting thermal energy efficiency.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Morris and Hudgins).

House Committee on Technology & Economic Development
House Committee on Appropriations
Senate Committee on Energy, Environment & Telecommunications
Senate Committee on Ways & Means

Background:

Energy Conservation in Design of Public Facilities.
Public agencies must analyze the cost of energy consumption for each major facility to be planned and constructed or renovated after September 8, 1975. A "major facility" is any publicly owned or leased building having 25,000 square feet or more of usable floor space. A life-cycle cost analysis must be prepared during the design phase for each newly constructed or renovated major facility. The life-cycle cost analysis includes an energy-consumption analysis of all energy systems of a major facility that must be prepared by a professional engineer or licensed architect. The public agency must approve the major facility's life-cycle cost analysis before commencement of actual construction or renovation.

Electric Utility Resource Planning.
All investor-owned and consumer-owned electric utilities with more than 25,000 customers in Washington must develop an Integrated Resource Plan (IRP). All other utilities in the state must file either an IRP or a less detailed resource plan.

The minimum required components of an IRP include the following:
- an assessment of commercially available conservation and efficiency resources, which may include high efficiency cogeneration (combined heat and power);
- an assessment of commercially available, utility scale renewable and nonrenewable generating technologies; and
- a comparative evaluation of renewable and nonrenewable generating resources.

The Utilities and Transportation Commission.

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.

The Utilities and Transportation Commission (UTC) regulates the rates, services, and practices of privately-owned utilities and transportation companies in Washington. Companies providing the following goods or services are regulated by the UTC: electricity, natural gas, certain telecommunications services, water, solid waste collection, commercial ferry service, transportation of household goods, certain auto transportation services, and transportation of petroleum through pipelines. The UTC is required to ensure that rates charged are "fair, just and reasonable."

District Thermal Energy Systems.
The UTC has limited regulatory authority over a district thermal energy system owned or operated by a thermal energy company. A "district thermal energy system" is any system that provides thermal energy for space heating, space cooling, or process uses from a central plant and distributes thermal energy to two or more buildings. A "thermal energy company" is any private person, company, association, partnership, joint venture, or corporation engaged in developing, producing, distributing, or selling to, or for the public, thermal energy services for any beneficial use other than electricity generation.

Air Operating Permits.
The Department of Ecology and seven local air quality agencies administer Washington's air operating permit standards under the Washington Clean Air Act. An air operating permit specifies certain requirements for air pollution sources, including permissible emission levels.

Boiler Maximum Achievable Control Technology.
Federal major source boiler maximum achievable control technology (boiler MACT) rules apply to boilers and process heaters in major sources. A "major source" is an industrial, commercial, or institutional facility that emits 10 tons per year (tpy) or more of any single hazardous air pollutant or 25 tpy or more of total hazardous air pollutants. The boiler MACT rules require affected boilers and process heaters to complete a one-time energy assessment that identifies energy savings opportunities.

Summary:

Energy Conservation in Design of Public Facilities.
The list of facilities for which analysis of the cost of energy consumption is required is expanded to include critical governmental facilities. A "critical governmental facility" is a publicly-owned building or district energy system that is expected to:

- be continuously occupied;
- maintain operations for at least 6,000 hours each year;
- have a peak electricity demand exceeding 500 kilowatts (kW); and
- serve a critical public health or public safety function during a natural disaster or other emergency situation that may result in a widespread power outage.

An energy-consumption analysis conducted as part of a life-cycle cost analysis for a major facility or critical governmental facility must include the identification and analysis of critical loads for each energy system and, for a critical government facility, a combined heat and power system feasibility assessment.

Electric Utility Resource Planning.
By December 31, 2016, an electric utility that has over 25,000 customers in Washington and that conducts an assessment which identifies dispatchable opportunities for combined heat and power and must value combined heat and power as having both energy and capacity value for the purposes of setting the value of power under the federal Public Utility Regulatory Policies Act, establishing rates for power purchase agreements, and integrated resource planning.

Electric utilities with over 25,000 customers in Washington are encouraged to offer a minimum term of 15 years for new power purchase agreements for the electric output of combined heat and power systems beginning December 31, 2016.

The Utilities and Transportation Commission (UTC) may authorize recovery of the actual cost of fuel incurred by an electrical company under a power purchase agreement for the electric output of a combined heat and power system. The governing body of a consumer-owned utility that offers a 15-year minimum power purchase agreement for the electric output of combined heat and power may, every five years after signing the agreement, initiate a fuel cost adjustment process.

An electric utility that is required to develop an integrated resource plan (IRP) may include combined heat and power systems among the measures in a conservation supply curve in the utility's assessment for demand side resources.

The Department of Commerce must submit any reports it receives of existing and potential combined heat and power facilities in IRPs to the Washington State University Extension Energy Program (WSU Energy Program) for analysis. The WSU Energy Program may submit an annual report electronically to the appropriate legislative committees on the planned and completed combined heat and power facilities in Washington.

Thermal Energy Systems.
The UTC has limited regulatory authority over any thermal energy system owned or operated by a thermal energy company or by a combined heat and power facility engaged in thermal energy services. The UTC retains the authority to issue or enforce any order affecting combined heat and power facilities owned or operated by an electrical company that are subsidized by a regulated service.

References to "district" thermal energy systems are removed. A "thermal energy system" is any system that provides thermal energy for space heating, space cooling, or process uses from a central plant or combined heat and power facility, and that distributes the thermal energy to two or more buildings.

Air Operating Permits.
The Department of Ecology (DOE) must establish a general air operating permit or permit by rule for stationary natural gas engines used in a combined heat and power system. The general permit or permit must establish emission limits for air contaminants released by stationary natural gas engines and is to be adopted and implemented as the permitting mechanism for the new construction of a combined heat and power system.

Boiler Maximum Achievable Control Technology.
An owner or operator of an industrial, commercial, or institutional boiler or process heater that is required to complete an energy assessment under federal major source boiler maximum achievable control technology (boiler MACT) rules must:

- by January 31, 2018, submit nonproprietary information reported in the energy assessment electronically to the DOE or to the air pollution control authority that issues the air operating permit for the source; and
- by January 31, 2018, submit a report electronically to the WSU Energy Program that identifies, if applicable, the economic, technical, and other barriers to implementing thermal energy efficiency opportunities identified in the energy assessment.

The reporting requirement does not apply if an owner or operator of a boiler or process heater is not required to complete an energy assessment under federal boiler MACT rules or if, prior to the reporting dates, the owner or operator is no longer required to complete the energy assessment.

An owner or operator of a boiler or process heater who has not completed an energy assessment under federal boiler MACT rules must request a free combined heat and power site qualification screening from the U.S. Department of Energy.

Votes on Final Passage:

House 98 0

Third Special Session
House 95 2
Senate 44 0

Effective: October 9, 2015