

SENATE BILL REPORT

2SHB 1444

As Reported by Senate Committee On:
Environment, Energy & Technology, March 26, 2019
Ways & Means, April 8, 2019

Title: An act relating to appliance efficiency standards.

Brief Description: Concerning appliance efficiency standards.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Morris, Fitzgibbon, Tarleton and Ormsby; by request of Department of Commerce).

Brief History: Passed House: 3/05/19, 57-41.

Committee Activity: Environment, Energy & Technology: 3/14/19, 3/26/19 [DPA-WM, w/oRec, DNP].

Ways & Means: 4/04/19, 4/08/19 [DPA, DNP].

Brief Summary of Amended Bill

- Removes federally preempted efficiency and testing standards.
- Amends the state efficiency and testing standards for certain state-covered products.
- Establishes new minimum efficiency and testing standards for certain products.
- Authorizes the Department of Commerce to adopt rules that incorporate federal efficiency standards for federally covered products and to adopt by rule a more recent version of any standard or test method in order to maintain consistency with other comparable standards in other states.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Carlyle, Chair; Billig, Das, Hobbs, Liias, McCoy, Nguyen and Wellman.

Minority Report: That it be referred without recommendation.

Signed by Senator Fortunato, Assistant Ranking Member, Environment.

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.

Minority Report: Do not pass.

Signed by Senators Ericksen, Ranking Member; Brown, Rivers and Short.

Staff: Angela Kleis (786-7469)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo and Pedersen.

Minority Report: Do not pass.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Schoesler, Van De Wege, Wagoner and Warnick.

Staff: Claire Goodwin (786-7736)

Background: Appliance Efficiency and Testing Standards. Federal law generally allows states to establish minimum efficiency and testing standards for products that are not covered by federal appliance efficiency regulations. Once a federal efficiency standard is established for a given appliance, it will preempt existing state standards unless the state is granted a waiver of federal preemption.

Federal efficiency and testing standards have been established for the following products: automatic commercial ice makers, commercial refrigeration and freezing equipment, pool heaters, and incandescent reflector lamps.

Washington law sets minimum efficiency and testing standards for several categories of appliances sold, offered for sale, or installed in the state. The Department of Commerce (Commerce) may recommend updates to the efficiency and testing standards for certain products and recommend establishing state standards for additional non-federally covered appliances.

Voluntary Consensus Standards. The American National Standards Institute (ANSI) is a not-for-profit organization that develops and publishes voluntary consensus standards and conformity assessment systems for a variety of industry sectors. These standards become mandatory under certain circumstances, such as being referenced by the government.

Summary of Amended Bill: Federally Preempted Efficiency and Testing Standards. The standards for automatic commercial ice cube machines, commercial refrigerators and freezers, pool heaters, state-regulated incandescent reflector lamps, and wine chillers have been federally preempted and are repealed.

Existing Minimum Efficiency and Testing Standards. State standards are amended including portable electric spas must meet ANSI standards beginning January 1, 2020, and state

standards for hot water dispensers, bottle-type water dispensers, and point-of-use water dispensers expire on January 1, 2020.

New Minimum Efficiency and Testing Standards. State standards are established for certain products such as computers and computer monitors, urinals and water closets, and residential electric storage water heaters. The majority of products covered under the new state standards, if manufactured on or after January 1, 2021, may not be sold or offered for sale, lease, or rent in the state unless the efficiency of the new product meets or exceeds the state's efficiency standards.

Design Requirements. An electric storage water heater manufactured on or after January 1, 2021, must comply with certain design requirements. Commerce may establish by rule a later effective date or suspend enforcement of the electric storage water heater requirement if it is determined that a delay is in the public interest.

Department of Commerce. Commerce may adopt rules that incorporate, by reference, federal efficiency standards for federally covered products only as the standards existed on January 1, 2018. In addition, Commerce may adopt by rule a more recent version of any standard or test method established in this act in order to maintain consistency with other comparable standards in other states. Commerce must regularly submit a report to the Legislature on federal standards that preempt the state appliance efficiency and testing standards.

Water Conservation Performance Standards. Certain water conservation performance standards are repealed.

Data and Privacy. Customer information collected, stored, conveyed, transmitted, or retrieved by an electric storage water heater equipped with a modular demand response communications port is subject to current statute regarding privacy and disclosure. Utilities are prohibited from altering, or requiring a utility customer to alter, electricity or water usage based on information collected by an electric storage water heater or any associated device, without first obtaining customers' affirmative consent to participating in a program that allows such alteration.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Specifies that customer information collected, stored, conveyed, transmitted, or retrieved by an electric storage water heater, equipped with a modular demand response communications port, is subject to current statute regarding privacy and disclosure.
- Prohibits a utility from altering, or requiring a utility customer to alter, electricity or water usage based on information collected by an electric storage water heater or any associated device, without first obtaining customers' affirmative consent to participating in a program that allows such alteration.

EFFECT OF ENVIRONMENT, ENERGY & TECHNOLOGY COMMITTEE AMENDMENT(S):

- Specifies that plumbing fixtures and fittings and computers and computer monitors must meet California standards.
- Removes the qualifier "residential" from electric storage water heaters.
- Clarifies that the communications port on an electric storage water heater is a design requirement rather than an efficiency standard.
- Authorizes Commerce to establish by rule a later effective date or suspend enforcement of the electric storage water heater requirement if it is determined that a delay is in the public interest.
- Requires Commerce to consult the Attorney General when compiling the report for the Legislature on federal standards that preempt state standards.
- Adds a severability clause.

Appropriation: The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Second Substitute House Bill (Environment, Energy & Technology): *The committee recommended a different version of the bill than what was heard.* PRO: These efficiency and testing standards provide energy and water savings to our state, in particular to rental property. We are interested in the water savings that are under the bill because water uses a significant amount of energy. Surveys show consumer satisfaction with efficient appliances and phasing out inefficient appliances will help consumers save money. We are working with stakeholders on some concerns and will bring amendments to the committee for consideration.

OTHER: The efficiency and test standards are consistent with what other states are doing.

Persons Testifying (Environment, Energy & Technology): PRO: Bruce Wishart, Sierra Club and Center for Environmental Law and Policy; Glenn Blackmon, State Energy Office, Commerce; Amy Wheelless, NW Energy Coalition; John McClellan, Engineering and Development Director, Alderwood Water and Wastewater District; Peter Godlewski, Association of Washington Business; Elyette Weinstein, Washington League of Women Voters; Charlie Brown, National Electrical Manufacturers Association.

OTHER: Kevin Messner, Association of Home Appliance Manufacturers.

Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology): No one.

Staff Summary of Public Testimony on the Bill as Amended by Environment, Energy & Technology (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: The cost is modest for the agency to establish the rulemaking and will result in \$2 billion consumer savings. From a utilities perspective, the best

efficiency is reduced consumption. We appreciate the changes made and fully support the current version. We worked closely with Commerce and reached agreement on lighting provisions and support the current language.

This bill is one of the puzzle pieces to moving the state in the direction of increasing its energy efficiency.

The water heater design has been used with good success in rural areas. It helps monitor peak load. Your utility, with your permission, would turn off your water heater at peak times, but also there is the option to override the program.

OTHER: This bill proposes the elimination of certain water-heaters. There are only a limited number of grid interactive water heaters. The cost of production would increase and there would be limited options for products.

Persons Testifying (Ways & Means): PRO: Clark McIsaac, Snohomish PUD; Peter Godlewski, Association of Washington Business; Charlie Brown, citizen; Amy Wheelless, Northwest Energy Coalition; Glenn Blackmon, Commerce, State Energy Office.

OTHER: Allison Maginot, Air-Conditioning, Heating, and Refrigeration Institute.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.