
Environment & Energy Committee

HB 1768

Brief Description: Updating definitions applicable to energy conservation projects involving public entities.

Sponsors: Representatives Duerr, Fitzgibbon and Berry.

Brief Summary of Bill

- Changes the definition of "conservation," "cost-effective," and "public facility" to include the deployment of distributed energy resources as eligible energy conservation projects that may be implemented at public agency and school district facilities.

Hearing Date: 1/13/22

Staff: Megan McPhaden (786-7114).

Background:

Energy Conservation Projects at State Agency and School District Facilities.

Each state agency and school district is required to implement cost-effective energy conservation improvements at its facilities. A state agency, school district, and state or regional university (public agencies) may implement conservation projects at its facilities independently or with the assistance of the Department of Enterprise Services (Department), in accordance with requirements.

The Department is required to assist public agencies with identifying, evaluating, and implementing conservation projects at their facilities. Implementing a conservation project may include financing, contracting for energy services, and contracting to sell energy savings from the project to local utilities or the Bonneville Power Administration.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

To assist public agencies with energy conservation projects, the Department must:

- notify public agencies of their legal responsibilities for energy conservation projects,
- explain opportunities to develop and finance these projects,
- provide technical and analytical support, including procurement of performance-based contracting,
- review verification procedures for energy savings, and
- assist with financing the projects.

The Department is required to recover its costs to provide assistance from the public agencies and any third parties that may participate in conservation projects.

Financing and Procuring Energy Conservation Projects.

State agencies may partially or fully fund conservation projects through a finance contract. Financing may be provided by a company that contracts with a state agency under an energy savings performance contract. Performance-based contracting refers to contracts for which payment is conditioned on achievement of contractually specified energy savings. This process involves hiring a company to: (1) conduct an energy audit; (2) guarantee a certain level of savings from energy efficiency; (3) provide financing for the energy efficiency improvements; and (4) install or implement the energy efficiency improvements. Performance-based contracting is the preferred method for completing energy audits and implementing cost-effective conservation measures.

Financing to implement conservation measures may also be carried out with bonds issued by the Washington Economic Development Finance Authority.

Coordination with Local Utilities.

The Department is directed to consult with and cooperate when possible with local utilities that serve the location of a proposed conservation project, and the Department is directed to offer local utilities the initial opportunity to participate in the development of the project. If the local utility expresses interest in the project, the Department is directed to either develop a plan for coordinated delivery of conservation services and financing or determine whether to participate in the local utility's competitive bidding or solicitation process.

Definitions for Energy Conservation Projects.

"Conservation" means:

- reduced energy consumption or energy cost;
- increased efficiency in the use of energy, and activities, measures, or equipment designed to achieve such results; and
- reductions in the use or cost of water, wastewater, or solid waste.

Conservation does not include thermal or electric energy production from cogeneration.

"Cost-effective" means that the present value to a state agency or school district of the energy reasonably expected to be saved or produced by a facility, activity, measure, or piece of equipment over its useful life, including any compensation received from a utility or the Bonneville Power Administration, is greater than the net present value of the costs of implementing, maintaining, and operating such facility, activity, measure, or piece of equipment over its useful life, when discounted at the cost of public borrowing.

"Public facility" means a building or structure, or a group of buildings or structures at a single site, owned by a state agency or school district.

Summary of Bill:

Definitions.

The definitions of "conservation", "cost-effective", and "public facility" are amended for state agency and school district energy conservation projects so that:

- "conservation" includes reduced energy demand, or greenhouse gas emissions through the deployment of distributed energy resources,
- "cost-effective" includes conservation activities and benefits achieved instead of energy saved; and
- "public facility" includes a site improvement and replaces "a group of buildings or structures at a single site" with "other facility."

Appropriation: None.

Fiscal Note: Requested on January 5, 2022.

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