

# SENATE BILL REPORT

## SHB 1768

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As Reported by Senate Committee On:  
Environment, Energy & Technology, February 24, 2022

**Title:** An act relating to updating definitions applicable to energy conservation projects involving public entities.

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

**Sponsors:** House Committee on Environment & Energy (originally sponsored by Representatives Duerr, Fitzgibbon, Berry, Macri, Ramel, Pollet and Hackney).

**Brief History:** Passed House: 2/10/22, 57-38.

**Committee Activity:** Environment, Energy & Technology: 2/17/22, 2/24/22 [DP, DNP].

### Brief Summary of Bill

- Requires the Department of Enterprise Services to issue guidelines for cost-effectiveness determinations.
- Authorizes state agencies, school districts, and municipalities to deploy distributed energy resources as conservation projects at facilities owned by the agencies.
- Amends definitions applicable to energy conservation projects to allow public agencies to contract for projects and services that reduce energy demand and reduce greenhouse gas emissions.

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### SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

**Majority Report:** Do pass.

Signed by Senators Carlyle, Chair; Lovelett, Vice Chair; Das, Liias, Lovick, Nguyen, Sheldon, Stanford and Wellman.

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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 part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass.

Signed by Senators Short, Ranking Member; Fortunato and Schoesler.

**Staff:** Ashley Trunnell (786-7278)

**Background:** Department of Enterprise Services. The Department of Enterprise Services (DES) manages business and operational services that state agencies and municipal governments need to deliver public services. DES services include facilities and lease management, accounting, human resources, risk management, contracting and printing, while working to improve the value and effectiveness and reduce the overall cost of government operations.

Cost-Effective Conservation Projects. 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 may implement conservation projects at its facilities independently or with the assistance of DES, in accordance with requirements.

DES is required to assist state agencies and school districts 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.

DES is required to recover its costs to provide assistance from state agencies and school districts and any third parties that may participate in conservation projects.

**Summary of Bill:** Cost-Effective Conservation Projects. In addition to current requirements for DES to assist state agencies and school districts in identifying, evaluating, and implementing cost-effective conservation projects, DES is required to develop and issue guidelines for cost-effectiveness determinations. DES is required to develop the guidelines in consultation with affected agencies.

The bill specifies that the purpose of the guidelines is to define a procedure and method of cost-effectiveness.

Distributed Energy Resources. The deployment of distributed energy resources is added as method of achieving conservation. Distributed energy resources include certain energy efficiency projects, energy storage, demand response, electric vehicle charging infrastructure, and grid-interactive efficient buildings.

Definitions. The definition of "conservation" is added to current statute and includes energy conservation, energy demand, energy cost, or greenhouse gas emissions. Conservation also includes reduction in the use or cost of water, wastewater, or solid waste. Conservation does not include thermal or electric energy production from cogeneration.

"Energy equipment and services" is amended to incorporate conservation projects and outcomes consistent with the definition of conservation.

The definition of "facility" is added to current statute and defined as a building, structure, group of buildings or structures at a single site, site improvement, or other facility owned by a municipality.

**Appropriation:** None.

**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:** PRO: This bill provides needed updates to definitions that have not been revised for years. This program provides opportunities for Washington to make much needed improvements in buildings. The consultation aspect of the bill enables quick access to consultants and support for improvements.

OTHER: We are concerned about the changes to the definitions of conservation and cost-effective. It is unclear what the requirements of cost-effective will be under the new language.

**Persons Testifying:** PRO: Stan Price, Northwest Energy Efficiency Council; Kevin Kibet, King County Metro.

OTHER: John Rothlin, Avista.

**Persons Signed In To Testify But Not Testifying:** No one.