

FINAL BILL REPORT

2SHB 1390

C 291 L 23
Synopsis as Enacted

Brief Description: Concerning district energy systems.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Ramel, Berry, Duerr, Doglio, Pollet and Reed).

House Committee on Environment & Energy
House Committee on Capital Budget
Senate Committee on Environment, Energy & Technology
Senate Committee on Ways & Means

Background:

State Energy Performance Standard.

The State Energy Performance Standard, established through legislation enacted in 2019, requires the Department of Commerce (Commerce) to establish rules for energy performance standards for covered commercial buildings, to collect data on compliance, and to report on outcomes. The performance standards seek to maximize reductions in greenhouse gas emissions from the building sector. The performance standards include energy use intensity targets by building type, as well as requirements for an energy management plan, operations and maintenance program, energy efficiency audits, and investments in energy efficiency measures.

The State Energy Performance Standard applies to Tier 1 covered commercial buildings, defined as buildings where the sum of nonresidential, hotel, motel, and dormitory floor areas exceed 50,000 square feet, excluding the parking garage area. The State Energy Performance Standard was amended in 2022 to add a second tier of covered buildings. Tier 2 covered buildings are commercial buildings greater than 20,000 square feet but less than 50,000 square feet, and multifamily residential buildings greater than 20,000 square feet.

Commerce's Rules for Tier 1 Buildings.

Commerce's rules for Tier 1 buildings include guidance for energy efficiency measures

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.

(EEMs) for campus district systems. The rules specify that implementation of EEMs to campus district heating systems, or cooling systems, or both, in lieu of energy efficiency measures implemented directly to campus buildings constitutes compliance with the rules, as long as an energy audit demonstrates that the energy savings from the district system EEMs will be greater than the buildings' EEMs

Industrial Symbiosis Projects.

Industrial symbiosis is the use by one company or sector of waste resources from another company or sector. Waste resources are broadly defined to include waste, by-products, residues, energy, water, logistics, capacity, expertise, equipment, and materials. Through legislation enacted in 2021, Commerce was directed to establish an industrial waste coordination program to provide expertise, technical assistance, and best practices to support local industrial symbiosis projects.

Summary:

Campus District Energy Systems.

A campus district energy system is defined as a district energy system that provides heating, cooling, or heating and cooling to three or more buildings with more than 100,000 square feet of combined conditioned space, where the system and all connected buildings are owned by:

- a single entity;
- a public-private partnership where a private entity owns the energy system and a public entity owns the buildings; or
- two private entities where one owns the connected buildings and the other owns the energy system.

A state campus district energy system is a campus district energy system owned by either the State of Washington or by a public-private partnership.

Decarbonization Plans.

The owner of a state campus district energy system must develop a decarbonization plan and consult with its electric utility and gas utility during plan development. The plan must provide a strategy for up to 15 years, or longer if approved by the Department of Commerce (Commerce). The plan must be under development by June 30, 2024, and a final plan must be submitted to Commerce by June 30, 2025. Commerce must provide a summary report on decarbonization plans to the Governor and Legislature by December 1, 2025.

Required Elements.

A decarbonization plan must include mechanisms to replace fossil fuels in the heating plants, including a schedule for replacement. The plan must also assess options to partner with nearby sources and uses of waste heat and cooling, a strategy to incentivize growth to a decarbonized system, and requirements for facilities joining the system. The plan must also include an evaluation, prioritization, and scheduled plan for reducing energy use through

conservation efforts that results in meeting the campus energy use intensity target.

Encouraged Elements.

In addition to the required elements of a decarbonization plan, the owner of a state campus district energy system is encouraged to address certain additional considerations, including distribution network upgrades, on-site energy storage facilities, and incorporation of industrial symbiosis projects or networks.

Compliance with the State Energy Performance Standard.

Alternative Compliance Pathway.

The owner of a state campus district energy system is not required to meet the energy use intensity target for the system or for any of the buildings connected to the system, or conduct an investment grade audit, to otherwise comply with the state energy performance standard, if the owner of the system:

1. is implementing, or has fully implemented, an approved decarbonization plan that, when fully implemented, meets the energy use intensity target established for the campus at the time of required measurement and verification;
2. meets the state energy performance standard requirements for benchmarking, energy management, and operations and maintenance planning; and
3. submits a request to Commerce once every five years and Commerce approves the request.

Non-state owned campus district energy systems may opt in to the alternative compliance pathway process by submitting a request to Commerce. If the request is approved, the owner must comply with the requirements established in the alternative compliance pathway process.

Clarification on the Number of Plans Required.

Commerce must guarantee that the owner of a state campus district energy system is not required to implement more than one energy management plan and more than one operations and maintenance plan for the campus.

Implementation of Energy Efficiency Measures.

Commerce must guarantee that a state campus district energy system and all its connected buildings are in compliance with any requirements for campus buildings to implement energy efficiency measures (EEMs) identified in an energy audit if: (1) the energy audit demonstrates that energy savings from the system's EEMs will be greater than the EEMs for the campus buildings; and (2) the system implements the EEMs.

Votes on Final Passage:

House	92	4	
Senate	44	5	(Senate amended)
House	91	5	(House concurred)

Effective: July 23, 2023