

SENATE BILL REPORT

HB 1976

As of February 12, 2024

Title: An act relating to changing the incentive structure for tier 1 and tier 2 buildings.

Brief Description: Changing the incentive structure for tier 1 and tier 2 buildings.

Sponsors: Representatives Fosse, Doglio, Fitzgibbon, Ramel, Reed, Lekanoff, Reeves and Pollet; by request of Department of Commerce.

Brief History: Passed House: 2/7/24, 97-0.

Committee Activity: Environment, Energy & Technology: 2/14/24.

Brief Summary of Bill

- Authorizes the Department of Commerce to provide higher incentives under the Early Adoption Incentive program for buildings that comply with the State Energy Performance Standard.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: State Energy Performance Standard. In 2019, the Legislature enacted the Clean Buildings Act, which required the Department of Commerce (Commerce) to establish by rule a State Energy Performance Standard (Standard). The Standard seeks to maximize reductions in greenhouse gas emissions from the building sector. The Standard includes energy use intensity targets by building type, and methods of conditional compliance that include an energy management plan, operations and maintenance program, energy efficiency audits, and investments in energy efficiency measures designed to meet the targets.

Tier 1 Buildings. Tier 1 covered buildings, also referred to as covered commercial buildings, must comply with the Standard. Tier 1 buildings include existing buildings where

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the sum of nonresidential, hotel, motel, and dormitory floor areas exceeds 50,000 gross square feet, excluding the parking garage area.

Compliance with the Standard, and reporting for Tier 1 buildings is tiered, and begins June 2026 for buildings greater than 220,000 square feet.

Tier 2 Buildings. In 2022, the Legislature expanded the Clean Buildings Act to include Tier 2 covered buildings, which include multifamily residential, nonresidential, hotel, motel, and dormitory floor areas that are greater than 20,000 square feet and less than 50,000 square feet, excluding the parking garage area. Tier 2 buildings also include multifamily residential buildings where the floor areas are equal to or greater than 50,000 square feet, excluding the parking garage area.

The 2022 law requires all Tier 2 buildings to report on benchmarking, implementation of energy management plans, and operations and maintenance programs. Commerce must complete rulemaking for Tier 2 buildings by December 2023. Reporting for Tier 2 buildings begins by July 1, 2027.

Early Adopter Incentive Program. The Standard includes an early adopter incentive program for Tier 1 building owners who comply with the Standard, or Tier 2 building owners that demonstrate compliance with benchmarking, energy management, and operations and maintenance planning requirements.

Tier 1 or multifamily building owners can receive a base incentive payment of \$0.85 per gross square foot of floor area. Tier 2 building owners can receive a base incentive rate of \$0.30 per gross square feet of floor area. Incentive payments exclude parking, unconditioned, or semiconditioned spaces. Commerce may not approve incentive payments that exceed a total of \$75 million for Tier 1, or exceed a total of \$150 million for Tier 2.

Summary of Bill: Commerce may provide incentives greater than the base incentive payment for upgrading Tier 1 and Tier 2 buildings.

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.