

Energy Efficiency and Green Building Status Update

July 7, 2008

Workgroup Goal

The Energy Efficiency and Green Buildings IWG plans to design legislative, executive, and other actions capable of achieving significant emission reductions in Washington's built environment. In developing policy proposals, this IWG aims to strengthen energy efficiency and green building industries, and contribute to the clean energy job goals articulated in the Governor's Climate Change Challenge.

Focus/Priority Area(s) / 2009 Actions to Reduce GHG Emissions

Following the brainstorming session on June 3 and taking into account materials from the RCI TWG fall 2007 CAT process the EE/GB IWG co-leads suggested that the IWG focus on 5 target areas. The five 2009 Action descriptions as revised and elaborated following the most recent IWG teleconference are included below.

EE/GB Action 1: Incentives for Higher-Efficiency Building Operations. Develop targeted proposals for tax and other types of incentives that promote the construction, retrofitting, and long-term operation of buildings (both residential and commercial, including the typically underserved small-commercial segment) at substantially higher levels of energy efficiency. IWG members suggested that this action include discussion of innovative financing funds, means of benchmarking building operations at an escalating scale over time, an energy efficiency fund to further support the transition from BAU to high performing buildings, and incentives to upgrade/retrofit existing buildings.

Ideas the small group working on this option have proposed include:

- Tax incentives for all commercial properties (both leased and owner occupied) that can demonstrate superior energy performance.
- Tax incentives for residential construction with energy performance meeting a standard over and above a code baseline, and revolving loan funds to spur efficiency improvements in existing buildings.

EE/GB Action 2: Public Building Operation and Building Standards. Develop a proposal that will substantially upgrade the energy efficiency and sustainability of publicly-constructed and -operated buildings by policies that allow better linking of first and operating cost decisions, improve energy standards for construction of public buildings, and use other mechanisms to improve the energy-efficient design and operations of public buildings in an integrate fashion. This option may include elements such as providing case studies as examples to the private sector, and pursuing sustainable building practices more generally.

Ideas the small group working on this option have proposed include draft legislation and other concepts that would:

- Require a process of benchmarking, auditing, and implementation of energy-efficiency measures in existing publicly-constructed and -operated buildings, and require that new and substantially renovated publicly-constructed and -operated buildings meet strict energy performance standards.
- Implement additional improved operations and management practices
- Adopt a voluntary standard and product verification program at the Dept. of Ecology to verify that building materials and other products are consistent with existing state rules, environmental priorities, building standards, and certification schemes.

EE/GB Action 3: State Energy Code Improvements, and Establishment of 2030 Building Goals. Develop a path or detailed plan to significantly upgrade the state's energy code (residential and commercial) in 2009 to the highest levels among state codes (e.g. 30% above current levels), and develop a proposal that will drive Washington toward the construction of low-carbon, zero net energy buildings by 2030. This proposal should include, at a minimum, provisions for education/training, building benchmarking, and certification, but should also address financing of building improvements.

Ideas the small group working on this option have proposed include:

- In the 2009 Washington State Building Code revision cycle, revise the Washington State Energy Code (WSEC) to achieve a 30 percent reduction in new building energy use of compared to the 2006 edition of the WSEC.
- Establish building and neighborhood efficiency research, development, demonstration and education programs to help provide the building industry with the tools to meet efficiency benchmarks and keep Washington State remains competitive in the new Clean Energy economy.
- Establish state goals for improvement in commercial and residential, new and existing building energy efficiency over time through code upgrades and other measures.
- Establish a state incentive program for new construction and retrofit of existing buildings that meet or exceed efficiency benchmarks.
- Implement appliance/equipment/lighting efficiency standards at the state level for appliances and other devices not covered by federal standards, or where higher than federal standard efficiency requirements are appropriate.

EE/GB Action 4: CHP and Distributed Energy Development. Develop a plan to better utilize Washington's biomass and other resources in distributed energy systems, with a focus on distributed small-scale (less than 30 MW) combined heat and power systems, but also including, for example, larger industrial CHP systems and district heating systems as applicable.

Ideas the small group working on this option have proposed include:

- Tax incentives for CHP meeting efficiency requirements as part of CTED proposed bioenergy tax incentives
- Adjustment to definitions of alternative energy/bioenergy to include the recycling of spent liquor
- Adoption of output-based emissions regulations;
- Requiring CTED (on behalf of public utilities) and UTC (on behalf of investor owned utilities) to assess the regulatory barriers to CHP and recommend enabling changes; and
- Prepare the state to address the waste energy provisions of the federal Energy Independence and Security Act of 2007.

EE/GB Action 5: Energy Efficiency for Natural Gas, Propane, and Fuel Oil. Develop one or more model program design that can be used by natural gas, propane, and fuel oil suppliers or others, as appropriate, to capture all cost-effective energy efficiency opportunities for users of those fuels.

Ideas the small group working on this option have proposed include:

- Use an 'I-937' requirement for gas utilities. Include cost recovery mechanisms and provide decoupling/revenue neutrality.
- Collect a charge on retail bills to be dedicated to conservation acquisition. Provide revenue neutrality/decoupling.

EE/GB 2009 Actions were selected based on the following criteria:

- Provide significant carbon reductions (> 0.3 MMtCO₂e in 2012)

- Can be initiated in the 2009 legislative session time period
- Have limited revenue/expenditure impacts with respect to the current state budget cycle. (This is in recognition that the state is projected to have a significant budget deficit for the upcoming 09-11 biennial budget.)
- Not being substantially addressed by other IWG

Anticipated next steps:

- Small groups guided by a volunteer leader from the IWG are actively working on fleshing out each of these 2009 actions. The full IWG will review the small group's progress on these 2009 actions during the IWG's upcoming July 9 teleconference. At that time the IWG will discuss which of the options might be quantified and discuss parameters for quantification.
- The IWG will continue to evaluate how the work of the sub-groups is to be refined into no more than 4 2009 actions to place before the CAT for consideration.
- Small groups have been asked to focus their discussion on
 - Drafting the deliverable (e.g. text or concepts for legislative or executive action)
 - Identifying barriers to implementation and proposed solutions

Recommendations for Future Action to Reduce GHG Emissions

During the June 3 IWG meeting IWG members provided many recommendations for actions beyond those included in the list above. These recommendations are included in an existing policy options document prepared for the IWG and grouped into 6 topic areas as specified by the IWG. No attempt has been made yet to prioritize these recommendations.

General Observations and Status

It seems that in general the IWG is working fine, and that there are likely more ideas than time to develop these ideas. We have truly assembled the best minds and the most passionate people to be part of this IWG. Yielding at least four good, innovative, and actionable proposals that will save significant GHG is not going to be an issue. Turning away or filtering the other 4 to 10 really good ideas will be the major challenge, although we suspect that the best ideas will rise to the top through this process.