

Energy Efficiency and Green Building Status Update

July 21, 2008

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

Following IWG member input during three meetings, taking into account materials from the RCI TWG fall 2007 CAT process and recommendations for refining and focusing the 2009 Actions from the EE/GB IWG co-leads, the IWG has agreed to focus on 4 target areas. The four 2009 Action descriptions as revised and elaborated following the most recent IWG teleconference are summarized below.

EE/GB Action 1: Energy Efficiency Quality Investment Program (EEQUIP). 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.

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

- Public Utility Tax (PUT) incentives for non-residential buildings that meet or exceed a defined level of energy performance as determined by the ENERGY STAR Portfolio Manager (or comparable program) all commercial properties (both leased and owner occupied) that can demonstrate superior energy performance.
- Recommended future legislative action and timeline to achieve greater energy savings in existing residential building stock.
- Sales tax credit equal to 50% of the sales tax applied to the overall construction of new buildings that meet or exceed specific levels of energy performance.

EE/GB Action 2: Energy Efficiency in Existing, New and Renovated Public Buildings. 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 integrated fashion.

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: 2009 State Energy Code Improvements and the Establishment of a Washington State Continuous Energy Efficiency Improvement Program for Buildings. 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. 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.
- Through legislative action establish a **Continuous Energy Efficiency Improvement Program for Buildings** that includes:
 - Targets for building energy efficiency and carbon reductions for the years 2010-2030
 - Direction to develop and adopt future editions of the state energy code to meet targets

- Action to add 5 appliance categories to 19.260 RCW (HB 1062 - 2005-06) and directs the Department of Community Trade and Economic Development to participate in the federal appliance rule making process.
- Tax incentive for buildings and building/community integrated power systems. (See action item: Incentives for Superior Energy Performance in New and Existing Buildings)
- Establishes funding in support of university and community college public / private partnerships and building industry activities involved in building efficiency research, demonstration and education programs.

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 and district heat as part of CTED proposed bioenergy tax including: B&O tax credits, sales tax exemptions on machinery and equipment, and property tax exemptions.
- Adoption of output-based emissions regulations, and efficiency minimums for qualifying CHP systems.
- 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

IWG members have offered different opinions regarding adjustment to definitions of alternative energy/bioenergy to include the recycling of spent liquor from wood pulping processes.

In its meeting on July 9th, the IWG decided to place a lower priority on development of

EE/GB Action 5: Energy Efficiency for Natural Gas, Propane, and Fuel Oil, due to having more limited potential for GHG savings than other actions under consideration by the IWG, and because some of the energy efficiency resources potentially tapped by this action will be tapped by other actions under development by the IWG.

Anticipated Next Steps:

- Small groups guided by volunteer leaders from the IWG are actively working to continue 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 August 1 teleconference. At that time the IWG will discuss which of the options might be quantified and discuss parameters for quantification.
- 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