

Energy Efficiency and Green Building IWG Meeting Summary
Meeting #4, Friday, August 1, 2008, 1:00 – 3:00 pm
Teleconference

In Attendance

Co-Leads:

Tony Usibelli, CTED
Ash Awad, McKinstry

Workgroup Members:

Eddie Bugg, Alcoa: Kawneer Company
Anthony Chavez, Weyerhaeuser
Carrie Dolwick, NW Energy Coalition
Amanda Eichel, Seattle Office of Sustainability and Environment¹
Jake Fey, City of Tacoma
Bert Gregory, Mithun Architects
Rachael Jamison, Ecology
Becky Kelley, Washington Environmental Council
Patrick Neville, Apollo Alliance
Stan Price, NW Energy Efficiency Council
Stu Simpson, General Administration
John Stoll, Chelan PUD
Yancy Wright, Sellen

Absent:

James Abelson, Microsoft
Aaron Adelstein, King & Snohomish Master Builders Association
Doug Daley, Harbor Properties
Tom Eckmann, Greenwood Technologies
Mark Frankel, New Buildings Institute
Ann Grodnik, Seattle-Northwest Securities
John Mannix, Spokane School District
Patrick Mazza, Climate Solutions
Cal Shirley, Puget Sound Energy
Mary Verner, City of Spokane
Wayne Williams, Telect & Chair of Greater Spokane Inc.

Support:

David von Hippel, Facilitator/Technical Analyst, SEI-Center for Climate Strategies
Carrie Lee, Facilitator/Technical Analyst, SEI-Center for Climate Strategies
Chuck Murray, process support, CTED
Gary Grossman, process support, Dept. of Revenue

Meeting Agenda

- Roll Call
- Review and approval of IWG Meeting #3 summary
- Update on July 25 CAT Meeting
- Review and discussion of revised 2009 Actions developed by small groups, and CAT feedback
 - Consider Co-lead Proposals for Focusing Actions
- Prepare for quantification of 2009 Actions
- Next Steps for IWG
- Agenda, Time and Date for Next Meeting

Background Documents (available online at

http://www.ecy.wa.gov/climatechange/2008CAT_iwg_bee.htm)

- PowerPoint Presentation
- Draft 2009 Actions

Discussion Items and Key Issues

1. The IWG Meeting #3 summary was approved by IWG members.
2. The co-leads provided the IWG with a general overview of the July 25th Climate Action Team (CAT) meeting, including discussion of cross-cutting issues related to product and building materials certification, status of the WCI process, and overall feedback for the IWGs from the Dept. of Ecology and CTED.
3. The facilitators reviewed the set of 2009 Actions being considered by the IWG. The co-leads provided an overview of their proposal to the IWG on how to refine and focus the 2009 Actions based on discussions at the CAT meeting. The co-lead proposal is bulleted below:
 - Focus EE/GB Action 1 on incentives
 - Add in/emphasize piece on financing (especially private sector financing), as well as tax incentives
 - Focus Action 2 on baseline analysis/benchmarking, audits, improvements in public buildings
 - Emphasize work on public-sector buildings as part of a staged approach to addressing building improvements in WA
 - Consider addressing WA building products certification post-2009, including an emphasis on encouraging federal certification for this element
 - Focus EE/GB Action 3 on staged review of building codes
 - Administrative action on 2009 code improvement, and possibly standards for appliances/equipment not covered by new federal regulations
 - Continued code review process to meet ambitious future targets for new, existing buildings

- Blend Action EE/GB 4 with Action 1 to emphasize need for incentives to promote CHP and other distributed energy options
4. The facilitators provided a brief overview of the status of each of the 2009 Actions based on small group input prior to the CAT meeting. For each 2009 Action this overview was followed by additional input from small group members, as well as full IWG discussion of the 2009 Actions, including consideration of the co-leads' proposal for refinement and focus of the 2009 Actions.

Discussion by IWG members of each action during the call is included below:

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

4.1.1. A co-lead emphasized that the link between Action 1 and 4 is a focus on incentives to promote energy efficiency. Though a combined group would still develop two separate triggers for these incentives, 1- building energy efficiency and 2- CHP and distributed energy, both parts examine incentives for these activities. An IWG member expressed concern regarding how Action 1 and Action 4 could be combined. Small group members felt that combining CHP and district heating/cooling, into Action 1 would shift the focus away from addressing building operation in existing buildings to new construction. DOR staff support emphasized the advantages of developing one tax incentive that included both building operation energy efficiency and CHP together. DOR staff suggested how a penalty for buildings with poor energy efficiency could be done, if a performance certification was in place, through a property tax assessment since there is already a mechanism for property tax charging and collection. CTED support staff noted that the city of Portland is considering this approach, a special use district fee attached to a property tax bill when a home is sold. Small group members emphasized their desire to focus on building operation vs. only new construction, as well as their need for guidance on the potential fiscal implications of a proposed tax incentive. DOR staff support offered research capacity at DOR to provide feedback to the small group on the potential fiscal impact of options considered. Small group members and DOR staff support agreed to collaborate on providing analysis of fiscal constraints to this action. Co-leads asked if the small group had further considered financing, and small group members noted that their conversation had been hung up on questions regarding legal interpretations. IWG members provided several suggestions to the small group: examine legislation in New Mexico that developed tiered structures, examine a PUD option to bond long term savings, consider potential revenue generation mechanisms (e.g. increased tax for less efficient buildings), and consider the example of how a sales tax incentive program of 3.7% would provide the savings needed for the cost of a building upgrade.

4.2. EE/GB Action 4: CHP and Distributed Energy Development

4.2.1. IWG small group lead expressed concern that Action 1 and Action 4 had very different policy approaches and these both might be lost if they were collapsed together. A co-lead advocated that by combining the two options into one action on incentives, CHP becomes part of the package

and there is less risk that it will be lost once these actions move forward beyond the CAT process. Based on this perspective there was full IWG agreement that Action 1 and Action 4 should be combined into one action focused on incentives. A small group member noted the challenge that, while the B&O tax credit is not an attractive incentive for building energy efficiency efforts, it is for CHP projects. DOR state support noted that a sales tax incentive could be applied to both. An IWG member noted that a credit against the utility tax liability could also be considered. IWG members noted the importance of including CHP and distributed energy in the incentives option, as a means to address energy efficiency/district energy opportunities of campus-type buildings. Small group members from group 1 and group 4 agreed to discuss further how to integrate these actions.

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

4.3.1. Facilitators provided an overview of CAT feedback on Action 2, which included a suggestion to further examine cost-effectiveness, both challenges and cost benefits of energy efficiency. Co-leads noted that the important next step for this action is to think about how to reflect a staged approach to building energy efficiency. An IWG member noted that they have been in touch with EnergyStar staff, and EnergyStar is interested and prepared to develop a special Washington version of the EnergyStar Portfolio Manager software tool. The small group lead noted they have not yet been in touch with the state staff regarding publicly financed affordable housing efforts. An IWG member mentioned the challenge that many public buildings face is a lack of funds for pre-design resource strategy and planning. An IWG member expressed concern for how local governments will find funds to meet the required energy efficiency improvements and certification.

4.4. EE/GB Action 3: State Energy Code Improvements, and Establishment of 2030 Building Goals

4.4.1. Co-lead provided feedback that no significant change in the direction of the small groups' work is needed, but a next step is examining how to go beyond code in the private sector (ideally with leadership from the public sector via Action 2). Small group lead expressed that the group has been struggling with how to incorporate the Architecture 2030 building goals and how to develop a good broad policy statement that can be refined down and articulated in a meaningful way. The group is also trying to determine how best to establish a mechanism of incremental improvement over time. An IWG member noted that the key will be how to integrate incentives that lead the code, in Japan, for example the code leads and industry matches.

4.5. Next steps for the IWG: IWG members will continue to work in small groups to refine actions based on input from the CAT, the co-leads, and the full IWG. In preparation for the next meeting, IWG members are asked to consider approaches for the quantitative analysis of the proposed actions, including relevant data sources.

5. Next Meeting

Co-leads proposed and IWG members agreed with the idea of having the next IWG meeting a face-to-face meeting. This meeting will be held on Thursday, Aug. 14 from 10:00 am to 2:30 pm at the McKinstry Building (the same location used for meeting # 1). At the next meeting, the IWG will review revised small group input on 2009 Actions, and will continue to refine and discuss actions, with a particular eye toward making decisions related to quantitative analysis of proposed actions, where appropriate.