



STATE OF WASHINGTON  
DEPARTMENT OF COMMUNITY,  
TRADE AND ECONOMIC DEVELOPMENT

# Climate Action Team

## Energy Efficiency and Green Building IWG

### Meeting #4

### August 1, 2008

WA Departments of Ecology and  
Community, Trade & Economic Development  
Center for Climate Strategies  
Ross & Associates

# 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

# Update on CAT meeting

- Welcome by hosts, introduction by Jay/Juli
- Brief review of progress in each group
  - EE/GB
  - SEPA
  - Transportation
  - Beyond Waste
  - Forestry
  - Agriculture
  - LUCC
  - Green Jobs
  - Cross-cutting
- Update on WCI/Cap and Trade Discussions

# 2009 Actions Under Consideration

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

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

**EE/GB Action 3:** 2009 State Energy Code Improvements and Continuous Energy Efficiency Improvement Program for Buildings

**EE/GB Action 4:** CHP and Distributed Energy Development

**EE/GB Action 5:** Energy Efficiency for Natural Gas, Propane, and Fuel Oil. During meeting #3, the IWG suggested that this option be assigned a lower priority for development

# Co-lead Proposals for EE/GB Focus

**Based on CAT direction to further focus actions for 2009 implementation, EE/GB Co-leads would like to propose:**

- **Focus EE/GB Action 1 on incentives**
  - Add in/emphasize piece on financing (especially private sector financing), as well as tax incentives
  - Consider addressing WA building products certification post-2009, include emphasis on encouraging federal certification
- **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

# Co-lead Proposals for EE/GB Focus (continued)

- 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

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

- Targeted incentives that promote the construction, retrofitting, and long-term operation of buildings at substantially higher levels of energy efficiency
- Ideas include:
  - Public Utility Tax (PUT) incentives for non-residential buildings and 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
  - Use of verified third- party or independently standardized indices of performance, not necessarily specific individual standards

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

- Revised focus: development assistance to provide incentives for quality improvements in building EE
- Added concept of annual “Quality Investment Progress Report”
- Group is coordinating with Dept. of Revenue and is linked into work on HB 3120 – study on green building incentives
- **CAT questions: Make incentives available for residential sector in the near term, including use of PUT incentive for residential sector? Will incentives be sufficient?**
- **Co-lead suggestions: Focus on incentives, add financing, blend in incentives for CHP, distributed energy**
- For quantification, consider setting targets for number/area of buildings participating, average upgrade per unit area, average cost per unit

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

- Substantially upgrade the energy efficiency and sustainability of publicly-constructed and -operated buildings
- Ideas include:
  - Require a process of benchmarking, auditing, and implementation of energy-efficiency measures in existing publicly-constructed and –operated buildings
  - 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

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

- Recent revisions emphasize
  - Revised title
  - Public reporting of program status and results
  - Procedural and administrative provisions and requirements
  - Certification and verification options still under consideration
- **CAT comments:**
  - Show cost-effectiveness (all options), tempered by realization about limitations on cost-effectiveness detail at this stage
  - Need to find a way to fund even in tough economic times
- **Co-lead suggestions: Focus on benchmarking/audits, step in phased approach to building improvement**
- Quantification of this option
  - Will need help translating goals into floor area covered, fractional improvement per building

## **EE/GB Action 3: 2009 State Energy Code Improvements and Continuous Energy Efficiency Improvement Program for Buildings**

- 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 include:
  - Revise the Washington State Energy Code (WSEC) to achieve a 30 percent reduction in new building energy use of compared to current WSEC
  - Through legislative action, establish a Continuous Energy Efficiency Improvement Program for Buildings

## EE/GB Action 3: 2009 State Energy Code Improvements and Continuous Energy Efficiency Improvement Program for Buildings

- Includes appliance standards element
- **CAT comments on this option**
  - Code enforcement and the human resources and training to enable it are central to success of codes
  - Need to consider cost/benefit, budget implications
  - In order to reach “net-zero”, need distributed renewable generation (tie-in with EE/GB-4)
- **Co-lead suggestions: Focus on staged review of building codes pointing toward future targets**
- Quantification of this option
  - What fraction of new (and existing) buildings will meet “beyond code” (part 2) targets?

# EE/GB Action 4: CHP and Distributed Energy Development

- Better use Washington's biomass and other resources in distributed energy systems, with a focus on combined heat and power systems (CHP) and district heating systems
- Ideas include:
  - Tax incentives for CHP and district heat [I removed the reference to CTED biotax since that's not a given] 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
  - Address the definitions of alternative energy/bioenergy with consideration given to including the recycling of spent liquor from wood pulping processes

# EE/GB Action 4: CHP and Distributed Energy Development

- CAT comments on this option
  - More consideration of distributed energy, especially in light of Action 3 targets?
  - More consideration of community/district energy?
  - Challenge of working with public utilities—prices from distributed energy can't compete with BPA
- Co-lead suggestions: Include key provisions of this option in EE/GB-1, emphasizing incentives needed
- Quantification of option (as element of EE/GB-1)
  - Targets for CHP capacity development?
  - Targets for other DE development, community energy system development?
  - Assumptions regarding displaced fuels, average efficiencies?

# Quantification of 2009 Actions and Recommendations

- To Quantify or Not To Quantify?
  - Are some of the elements of an action likely candidates for quantitative analysis of costs and benefits, or is action largely in support of another action with quantifiable costs and benefits?
  - If an action can be quantified, what are some of the key parameters/assumptions for the analysis likely to be?
  - What are reasonable goals and timing for quantifiable options?
  - Recommended data sources?

# Next Steps

- Working with co-leads and facilitators, small groups continue to refine actions based on CAT and full IWG input
- Working with co-leads and facilitators, based on full IWG input, small groups identify which actions/elements will be quantitatively analyzed and where relevant data sources are available
- Review draft quantification of 2009 Actions at September 3 EE/GB IWG meeting; review initial calculations/templates earlier as available

# Next IWG Meetings

- Date/time for Meeting #5:
  - Thursday, August 14, in-person?
- Agenda:
  - Provide full IWG feedback on continuing small group work on actions as needed
  - Review initial quantification/plans for quantification of 2009 Actions
  - Start planning materials for September 18-19 CAT meeting
- Date/time for Meeting #6:
  - September 3, 1:00 – 3:00 PM

