



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

Climate Action Team

Energy Efficiency and Green Building IWG

Meeting #7

September 22, 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 #6 summary
- Update from Sept. 18-19 CAT Meeting
- Review and discussion of revised 2009 Actions developed by small groups, and CAT feedback
- Discussion of quantification of 2009 Actions
- Next Steps for IWG
- Agenda, Time and Date for Next Meeting

Update from September CAT Meeting

- CAT general feedback for the EE/GB IWG
 - Provide economic analysis of the both the costs (e.g. gov implementation costs) and benefits (e.g. jobs, increased tax revenue, expense) of actions
 - Further refine long-term goal of zero energy/zero carbon built environment and provide link to how proposed 2009 Actions work to achieve long-term goal
 - Consider a more comprehensive package – Don't just pick the "low hanging fruit"
 - Consider the intersection of 2009 Actions with potential future cap and trade system and utility incentives, as well as potential participation of the building sector in cap and trade system
 - Increase clarity of design and performance standards – specify which are legislative vs. administrative decisions, focus on flexibility vs. the need for specificity

2009 Actions Under Consideration

EE/GB Action 1: Energy Efficiency Incentives:

- Energy Efficiency Quality Investment Program (EEQUIP)
- CHP and Distributed Energy Development

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 1A: Energy Efficiency Quality Investment Program (EEQUIP)

Proposed legislative concepts include:

- Public Utility Tax credit for non-residential buildings that meet specific levels of energy performance based on actual utility data
- An energy benchmark public disclosure requirement for non-residential buildings at time of sale or, in some circumstances, at time of lease
- Partial sales tax refund for new non-residential buildings that achieve specified level of energy performance based on accepted third-party energy rating system
- Partial sales tax refund for new/existing residential buildings that meet specified levels of energy performance
- Performance requirements to qualify for incentives that increase over time
- A modification of statutory language related to Local Improvement Districts (LID) that adds energy efficiency as a qualifying activity

EE/GB Action 1B: Expanded Implementation of Distributed Energy, Combined Heat & Power (CHP) and Renewable Energy

Proposed legislative concepts include:

- Offer tax incentives to encourage the development and use of CHP and other distributed energy systems, in concert with CTED's proposed bioenergy tax, potentially including:
 - B&O (business and operations) Tax credits
 - Public Utility Tax credits for buildings and industries that use CHP/distributed energy systems
 - Sales tax exemptions on machinery and equipment used in CHP/distributed energy systems
 - Property tax exemptions
- Efficiency requirements for CHP systems, including more stringent requirements to receive higher incentives

EE/GB Action 1: Energy Efficiency Incentives

CAT feedback:

- Look beyond tax incentives to other mechanisms, including to system benefit charges
- Establish opportunities to provide incentives to low-income populations (for example, for public housing)
- Consider a two-pronged approach - connect to both energy efficiency and low impacts development (e.g. Puget Sound process)
- Consider other innovative funding sources (e.g. EPA finance program, economic development authority, pollution funds)
- Challenge of an even worse budget problem in the 2009 session
- Tiered or inverted rate structures for electric and gas utilities as an incentive mechanism
- Will we need less incentives as energy prices increase?

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

Work remaining for the workgroup:

- Further detail on incentive qualifications and achievement metrics
- Additional small group revisions?

Consideration for Quantification of Action:

- setting targets for number/area of buildings participating,
- average upgrade per unit area,
- average cost per unit (need to consider overlap with other options)

EE/GB Action 1B: Expanded Implementation of Distributed Energy, Combined Heat & Power (CHP) and Renewable Energy

Work remaining for the workgroup:

- Further detail needed on qualification for distributed and district energy, as well as linking of 1A and 1B tax incentives
- Additional small group revisions?

Quantification of Action:

- Targets for CHP capacity development?
- Targets for other DE development, community energy system development?
- Assumptions regarding displaced fuels, average efficiencies?

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

Legislative action is proposed to substantially upgrade energy efficiency/sustainability of publicly-constructed and -operated buildings, both new and existing

Key elements of proposed legislation include:

- Require a process of benchmarking, auditing, and implementation of energy-efficiency measures in existing publicly-constructed and – operated buildings, with energy-efficiency requirements becoming more stringent over time in a tier/phased approach
- Require that new and substantially renovated publicly-constructed and –operated buildings meet strict energy performance standards, again with energy-efficiency requirements becoming more stringent over time in a tier/phased approach
- Emphasize education/promotion as critical components of program
- Implementation will emphasize the use of existing programs and funding in state and local governments
- Partnering with US EPA’s ENERGY STAR program is a critical element and has been initiated

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

CAT feedback:

- Consider bias in LEED certification against locally grown wood
- Support for benchmarking - both public and private
- Look at performance disclosure for residential buildings (e.g. Seattle point-of-sale concept)
- What is the relationship between public government LEED buildings and new building energy codes? Are we providing a double mandate?

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

Work remaining for the workgroup:

- Further refinement underway including: support for small jurisdictions, and specifications for specific sectors (waste water treatment and campus/district energy systems)
- Additional small group revisions?

Quantification of Action:

- Input on how to translate goals into:
 - floor area covered and
 - fractional energy efficiency improvement per building

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

This Action includes two major elements:

- Revision of Washington State Energy Code (WSEC), in 2009 State Building Code adoption cycle, to achieve a 30 percent reduction in new building energy use compared to 2006 edition of WSEC
- Legislative action to establish a Continuous Energy Efficiency Improvement Program for Buildings, which would include:
 - Establishing targets for building energy efficiency and carbon reductions in both new and existing buildings for the years 2010-2030
 - Direction to develop and adopt future editions of the WSEC to meet the targets
 - Addition of 5 appliance categories to 19.260 RCW ([HB 1062 - 2005-06](#)), direction to CTED to participate in federal appliance rulemaking process
 - Tax incentive for buildings and building/community integrated power systems (as in Action 1)
 - Funding established to support university and community college public/private partnerships with building industry activities involved in building efficiency research and programs designed to support the achievement of the building energy performance targets

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

CAT feedback:

- Local government needs funding for code support, especially for training and enforcement.
- Re-order 2009 Actions so Action 3 is the first item when we describe the EE/GB IWG recommendations.

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

Work remaining for the workgroup:

- Further consideration of the interaction of code revisions and utility energy efficiency programs
- Additional small group revisions?

Quantification of Action:

- What fraction of new (and existing) buildings will meet “beyond code” (part 2) targets?

Next Steps

- Working with co-leads and facilitators, small groups refine actions as needed based on CAT and full IWG input. In preparation of final draft of IWG materials for the Oct. 14-15 CAT meeting, small groups will submit revised text to facilitators and co-leads by COB Friday, Oct. 3.
- Working with small groups, co-leads, and others as identified by IWG members to identify relevant data sources, facilitators will continue quantification of 2009 actions.
- Approach for full IWG review of quantification of 2009 actions: schedule an additional IWG meeting on Oct. 6 or 7 or review via email?

Next IWG Meetings

- Agenda:
 - Review quantification of 2009 actions
 - Review CAT feedback from Oct. meeting
- Date/time for Meeting #8:
 - TBD

