

# **Energy Efficiency and Green Building Implementation Working Group (EE/GB IWG)**

## Summary of Proposed Actions

### EE/GB Action 1: Energy Efficiency Incentives

This proposed action recommends legislation designed to use incentive-based approaches to motivate and accelerate the design, construction, and annual operation of buildings to levels of superior energy performance (Action 1A), and to encourage the incorporation of combined heat and power, distributed electricity generation, and other distributed and district energy systems, including district heating and cooling (Action 1B). Proposed legislation would reward actual demonstrated energy performance with tax credits.

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

Proposed legislative concepts include the following:

1. Public Utility Tax credit for non residential buildings that meet specific levels of energy performance based on actual utility data.
2. An energy benchmark public disclosure requirement for non residential buildings at time of sale or, in some circumstances, at time of lease.
3. Partial sales tax refund for new non-residential buildings that achieve energy performance standards equivalent to an ENERGY STAR Target Finder rating of 90.
4. Partial sales tax refund for new and existing residential buildings that meet a level of energy performance equivalent to an ENERGY STAR Northwest rated home.
5. 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

Offer incentives to encourage the development and use of CHP and other distributed energy systems, in concert with CTED's proposed bioenergy tax, utilizing options 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, and/or property tax exemptions.

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

Legislative action is proposed to substantially upgrade the energy efficiency and sustainability of publicly-constructed and -operated buildings, including both new and existing buildings. Key elements of the proposed legislation, which has slightly different provisions for State agencies, colleges, universities and school districts and for cities, counties, and other taxing authorities, would include:

1. 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.
2. 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.
3. Emphasize education and promotion as critical components of the program will need to be critical components to the success of the program.
4. Implementation will emphasize the use of existing programs and funding in state and local governments.
5. Partnering with US EPA’s ENERGY STAR program is a critical element and has been initiated.

### **EE/GB Action 3: State Energy Code Improvements and Establishment of 2030 Building Goals**

This Action includes two major elements:

1. In the 2009 Washington State Building Code adoption cycle, revise the Washington State Energy Code (WSEC) to achieve a 30 percent reduction in new building energy use compared to the 2006 edition of the WSEC. Provide substantial efficiency advances in the code as it applies to remodeling, retrofit and equipment replacement. Specify a process of periodic review and improvement of building energy codes. Consider the impacts of codes on the availability of incentives through utility demand-side management programs, and provide education and technical assistance in the implementation of updated codes.
2. Legislative action is recommended to provide policy direction in the development and implementation of a long term **State Building Efficiency and Carbon Reduction Strategy**. Legislation would direct CTED to develop a 2010 State Strategy for Building Energy Efficiency and Carbon Reduction, which would include establishing specific targets for building energy use intensity and target for new buildings similar to the Architecture 2030 Challenge schedule. This strategy would examine several implementation methods including: state codes and appliance standards, emerging technologies, user incentives, education and technical assistance, and measurement. It is recommended that the strategy be updated every three years prior to the state building code development and adoption process.

<b>Full 2009 Action Descriptions</b>
--------------------------------------

## **EE/GB Action 1: Energy Efficiency Incentives**

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

#### **2009 Action Description:**

The derived public benefit from investments in superior energy efficiency in Washington is a superior quality-built environment for those using and operating buildings, as well a strategic attraction for additional investments in our economy. To this end, development assistance to provide incentives for quality improvements in building energy efficiency, by definition, must also ensure quality improvements in operations, performance, measurement, and the craftsmanship and training that go into quality buildings. In addition to alignment with the goals of Executive Order 07-02 and subsequent statutes, this rationale works to better ensure the transparency, accountability, and success of the program, from the perspective of the direct beneficiary as well as the public at-large.

This action recommends the following;

1. Public Utility Tax credit for non residential buildings that meet a specific level of energy performance based on actual utility data.
2. An energy benchmark public disclosure requirement for non residential buildings at time of sale or, in some circumstances, at time of lease.
3. Partial sales tax refund for new non-residential buildings that achieve energy performance standards equivalent to an ENERGY STAR Target Finder rating of 90.
4. Partial sales tax refund for new and existing residential buildings that meet a level of energy performance equivalent to an ENERGY STAR Northwest rated home.
5. A modification of statutory language related to Local Improvement Districts (LID) that adds energy efficiency as a qualifying activity.

#### **PUT Credit and Benchmarking Requirement for Existing Commercial and Multifamily Residential Buildings**

Legislative action is recommended in 2009 to establish a tax incentive for buildings (non-residential occupancies) that meet or exceed a defined level of energy performance as determined by the ENERGY STAR Portfolio Manager program (or a comparable verified third-party or independent system of standardized accounting and benchmarking as determined by the Community, Trade, and Economic Development Department). The Department will develop a program that provides the tax credit that initially (e.g. 2009-2010 biennium) provides incentives for buildings that meet or exceed a Portfolio Manager score of 75 or demonstrate an annual improvement of energy performance of at least 15% (regardless of baseline year Portfolio Manager score). Buildings that continue to meet or exceed the Portfolio Manager threshold

score may claim the tax credit annually. Buildings that meet the 20% improvement target may claim the credit only one time. Thereafter, those buildings must meet the Portfolio Manager threshold score to claim the credit in other years

There are three mechanisms for qualification for the PUT credit. All three mechanisms begin with establishing a baseline score using the previous calendar year of energy use data).

1. If the score is 90 or above and that score is maintained or improved in the subsequent calendar year, the PUT credit for year 2 (year after baseline) is available for refund. The PUT refund is available for subsequent years if the score is maintained at 90 or above.

2. For buildings whose baseline year score is between 75 and 89, those buildings must demonstrate 5 points of improvement in year 2 to qualify for a PUT tax refund for year 2 (Note any building that exceeds a score of 90 in the second year will qualify for the process described above). If the 2<sup>nd</sup> year Portfolio Manager score is maintained or improved in subsequent years, the PUT refund will continue to be available.

3. For buildings whose baseline year score is below 75, those buildings must achieve a minimum score of 75 in any subsequent year to qualify for a PUT refund. If a score of 75 or above is maintained, the PUT refund will continue to be available.

After 3 years, the baseline score in mechanism #2 moves to a range of 80 to 89. All other features remain the same for the subsequent 3 years.

After 3 years, the baseline score for mechanism #3 moves to 80.

After 6 years, the baseline score for all buildings to qualify for a PUT credit will be 90. A score of 90 or above must be maintained in subsequent years to continue to receive the PUT credit.

The tax credit described here should be applied to the Public Utility Tax (PUT). The PUT is assessed to electric and natural gas utilities and passed through to energy end use customers. Buildings that meet the level of superior energy performance as described here will receive a full credit of the PUT provided that the serving utility to that building has agreed to participate with the State in this program. Utility participation requires the electricity or natural gas utility agreement to a 50% "cost share" with the State for the value of the tax credit. Buildings that are served by electric and/or natural gas utilities that decline to participate in this agreement will not be eligible for the tax credit. Utilities that do participate in this tax credit program will be allowed to claim a reasonable amount of energy savings from the customer project and use those savings to meet the goals of the Energy Independence Act (I-937). The Department will establish a mechanism in consultation with the state's public and private utilities and in collaboration with the Department of Revenue to minimize the transactional cost of applying this credit to qualifying buildings.

Revenue effects: It is estimated that up to 28 million square feet of commercial property will qualify for a PUT refund in the second year of the 2009-2010 biennium (given the need for a baseline year, there will be no credits in 2009). The anticipated PUT refund with this level of participation is approximately \$750,000.

### **Disclosure Requirement for Energy Performance of Non Residential Buildings**

Legislation is recommended in 2009 which requires non residential building owners to develop an energy benchmark score using the ENERGY STAR Portfolio Manager tool or an alternative equivalent benchmark process as determined by CTED. Building owners would be required to disclose this benchmark information at point of sale to prospective buyers. This benchmark score would also be disclosed to potential lessees when an entire building is being offered for lease to that prospective tenant.

To facilitate the transition to this disclosure requirement, it is further recommended that the benchmark requirement be phased in over time. Buildings 100,000 square feet or more would comply by January 2010. All buildings over 50,000 square feet would comply after January 2011. Buildings that are 20,000 square feet and larger would comply after January 2012. Buildings under 20,000 square feet would be exempt from this requirement.

In addition, electric utilities in the state with 100,000 customers or more and all natural gas utilities would be required to provide their billing data in a form compatible with automatic download to Portfolio Manager. ENERGY STAR already offers this automatic download feature to utilities in its tool and qualifying Washington utilities would provide this feature to customers by January 2010. Specific requirements should be patterned after California's AB 1103 legislation. Additionally, data formats should also be compatible with existing benchmarking efforts by institutions and commercial businesses.

Revenue effects: No substantial state revenue effects are anticipated by this action.

### **Sales Tax Refund for Non Residential New Construction**

Legislative action is recommended in 2009 to establish a sales tax incentive for buildings (non-residential occupancies) that meet or exceed a specific level of superior energy performance. The level of energy performance will be defined as equal to or better than the energy performance of buildings that achieve an ENERGY STAR Target Finder score of 90. The Department will establish through rulemaking procedures any necessary state specific adaptations to the ENERGY STAR Target Finder benchmark as well as all qualifying rating systems that offer energy performance requirements that meet or exceed this level of energy efficiency. All projects that meet this requirement will be eligible for a sales tax refund of 0.75% of the project's documented cost of construction. The Department will establish rules for documenting qualification for this tax credit and for verification of qualifying cost of construction. Project owners will receive the incentive in the form of a sales tax refund.

Revenue effect: In the 2009-2010 biennium, \$500,000,000 of construction costs are estimated to qualify for the refund. This would translate to a tax refund of \$3,750,000. It is estimated that very few projects would be completed in 2009, so the majority of this tax refund would occur in 2010.

### **Sales Tax Refund for Existing and New Residential Buildings**

Legislation is recommended in 2009 to establish a partial sales tax refund for qualifying costs incurred by residential property owners for energy efficient new construction remodels and/or retrofits if as a result of that work the property reaches an established threshold of superior

energy performance. The threshold level of energy performance to qualify for this tax credit will be equal to or better than that of an ENERGY STAR Northwest rated home. CTED will through a rulemaking process establish specific levels of energy performance pursuant to this benchmark, certify any home rating system that meets or exceeds this threshold level of energy performance, as well as define qualifying expenses for energy efficiency retrofit and renovation projects. The sales tax for these projects would be paid pursuant to RCW 82.08.020.

If the project met the threshold requirement, the property owner would be eligible to claim a partial refund for sales tax paid on the project of no more than 20% of the total tax paid capped at \$5,000.

Revenue effect: The revenue effect on the state is estimated to be \$5 - \$10 million per year.

### **Amendment to Local Improvement District Statute**

Legislative action is recommended in 2009 to amend the statute governing Local Improvement Districts (LID) to add energy efficiency and distributed energy projects to those qualifying for local improvement district financing.

Revenue effect: This concept would have no revenue impact at the state level. However, local governments would need to assign a fee for the loan transaction to cover the administrative cost of a LID program.

### **Basis for Selection:**

These legislative concepts are designed to use an incentive-based approach to motivate and accelerate the design, construction, and annual operation of buildings to levels of superior energy performance. They are designed to work with familiar and accessible programs of merit (e.g. LEED, ENERGY STAR, Built Green or other verifiable third-party or independent certifications) that have gained acceptance by the commercial and residential buildings market. The reward through tax credits for actual demonstrated energy performance is innovative and critically important to achieving the state's overall greenhouse gas reduction and quality job creation goals, outlined in Executive Order 07-02.

### **Implementation Approach and Mechanisms:**

These tax credit proposals have a revenue impact on the state's general fund. However, the ideas can be scaled to both near term and long term budget realities. It is recommended that the complexities of tax credit program mechanics be left to a rule making process conducted by the Department.

### **Supporting Information:**

- Analysis of estimated greenhouse gas emissions reduction and net costs for this Action will begin shortly.
- Other supporting information will be added as appropriate.

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

### **2009 Action Description:**

#### **Background:**

Combined heat and power systems produce both heat—in the form of hot water, steam, or heated air—and power. The heat can be used for industrial or commercial processes, or to provide water heating and/or space heating in individual buildings or throughout multi-building campuses or districts. Using technologies such as absorption chillers, the heat from CHP systems can also be used for cooling/freezing applications, including applications such as air conditioning and in the food processing industry. Waste heat that often goes up the smoke stack can also be used on the “back end” of industrial processes (following its use in the process) to produce power and recover the waste heat.

The sizing of CHP systems can be based on: 1) following the thermal demand for a facility; 2) following the power demand for a facility; or 3) following both thermal and power demands, when seasonal variations occur; and 4) meeting power needs demanding high reliability. Prime CHP opportunities include forest products/pulp and paper mills, food processing with year-round operations, dairies, feedlots, wastewater treatment facilities, campus settings with district heating of multiple buildings, industrial process facilities with available waste heat, natural gas compressor stations, and facilities with high power reliability, heating and hot water, and cooling requirements such as hospitals and data centers. Cogeneration is an older term for CHP. For additional information see the Northwest CHP Application Center website at <http://www.chpcenternw.org/>.

#### **Incentives for Development of Combined Heat and Power/Distributed Energy Systems**

It is proposed to offer incentives to encourage the development and use of CHP and other distributed energy systems, including district heat in the following ways:

- Offer tax incentives in concert with CTED’s proposed bioenergy tax, with tax incentive options 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, and/or property tax exemptions. In some cases, it may be possible to integrate these incentives with the building energy efficiency incentive programs described in Action 1A, above.
- Adoption of output-based emissions regulations.
- Requiring CTED and the UTC to assess the regulatory barriers to CHP and recommend enabling changes (see “Potential Barriers to Implementation” comments, below)

#### **Eligibility of CHP/Distributed Energy Systems**

Eligible CHP projects: Combined heat and power systems that meet minimum efficiency standards should be eligible. Combined heat and power systems shall be designed to have a

projected overall thermal conversion efficiency (output of electricity plus usable heat divided by fuel input) of at least 60 percent.

A tiered approach to providing incentives based on efficiency is suggested, as follows:

- Projects that have a projected overall thermal efficiency between 60-70% would be eligible for 50% of the available tax credits
- Projects that have a projected thermal efficiency between 70-80% would be eligible for 75% of the available tax credits
- Projects that have a projected thermal efficiency above 80% would be eligible for 100% of the available tax credits

There is some disagreement over the definitions of alternative energy/bioenergy with respect to organic byproducts of the pulping process. We are not sure if this is the proper forum for this discussion, but wanted to point out that some individuals feel that organic byproducts of the pulping process should be included in all definitions with respect to alternative energy/bioenergy.

Eligibility criteria for incentives for other distributed energy systems are under development.

### **Basis for Selection:**

Greenhouse Gas Reduction Opportunity – CHP efficiencies—the rate of conversion of fuel energy to electricity plus useful heat—ranges from 60% on the low end to 85% on the high end. This is in stark contrast to standalone fossil energy power plants (fueled principally with coal and natural gas) that have efficiencies historically in the range of 30% to 36%. It is the double or triple use of the energy that gives CHP the extra efficiency boost. This makes CHP (even natural gas-based CHP) a greenhouse gas winner. See the ES-7 strategy the chart on page 47 of “Leading the Way on Climate Change: The Challenge of Our Time”. ES-7 is CHP <http://www.ecy.wa.gov/climatechange/interimreport.htm>. In Washington State, most CHP projects are biopower/opportunity fuels-based. This further intensifies the greenhouse gas win, since the initial fuels used for CHP produce low or no GHG emissions when burned.

CHP Potential in Washington – A 2004 report done by Energy and Environmental Analysis titled Combined Heat and Power in the Pacific Northwest: Market Assessment showed the technical market potential for CHP in Washington to be 7,721 MWc. See page 52 of the study [http://www.chpcenternw.org/NwChpDocs/Chp\\_Market-Assessment\\_In\\_PNW\\_EEA\\_08\\_2004.pdf](http://www.chpcenternw.org/NwChpDocs/Chp_Market-Assessment_In_PNW_EEA_08_2004.pdf). Tapping waste heat sources for power production would provide additional CHP opportunities not specified in this report. This same report also analyzed the major environmental benefits of CHP, including reduced NO<sub>x</sub>, SO<sub>x</sub> and CO<sub>2</sub> emissions (see pages 73-75).

### **Implementation Approach and Mechanisms:**

Additional details on the approach for implementation of this option, and integration of incentive approaches for CHP and distributed energy with incentive approaches for building energy efficiency improvement, are under development.

## Potential Barriers to Implementation, and Approaches to Address Them

No significant CHP capacity has been built in Washington during the past 15 years due to a number of important economic and policy barriers that need to be overcome:

- Ability to Dispatch Technology: control of the operation of a CHP plant by the utility that operates the grid that the plant is connected to can be a concern for the plant owner. Mutually agreeable dispatch protocols should be negotiated between the plant owner and the host utility.
- Compliance with Grid Interconnection Standards: Washington State could seek to influence and streamline grid interconnection standards and associated costs, where applicable. Standards are set by FERC and NERC rather than the State.
- High Transaction costs Associated with CHP Projects: CHP and distributed energy projects sometimes face high financing costs because of lender unfamiliarity and perceived risk.
- “Split Incentives”: Split incentives between building owners and tenants, and utility-related policies like interconnection requirement, high standby rates, exit fees, etc, act as barriers to CHP/distributed energy system development.
- Lack of Financial Incentives to Pursue CHP/Distributed Energy: Consistent, long-term, clear incentives supporting CHP, waste energy recovery, and other distributed energy systems have been largely lacking to date. The proposals above help to address these needs.

## Supporting Information:

### Interaction of CHP/Distributed Energy Systems with Market-based Regulatory Systems for GHG Emissions

CHP has been recognized in programs such as those developed by RGGI (Regional Greenhouse Gas Initiative, a collaborative effort by 10 Northeastern and Mid-Atlantic states), and by Alberta, and is now being discussed within the WCI (Western Climate Initiative) cap-and-trade design. There are several potential approaches on CHP and similar technologies might be handled in a market-based system. One approach would be for CHP projects to be awarded allowances or auction proceeds for the projects' avoided emissions. Another option would be simply to exempt existing CHP facilities/projects from emissions limits, and to allow for new CHP facilities/projects to qualify for offset credits. Whatever approach is adopted in a market-based system with respect to CHP, the approach should reward/provide incentive for CHP, and seek to avoid inadvertently penalizing CHP systems.

### GHG Reduction Potential

By recovering waste heat and reusing it, an equivalent amount of new fossil-based energy can be displaced, resulting in a more energy efficient production of energy services and significantly less GHG production per unit of electricity generated/heat delivered.

Analysis done for the Climate Advisory Team in 2007 indicated that implementation of CHP could result in a reduction of 12.1 million metric tons of greenhouse gas emissions between 2008 and 2012. Additional analyses of potential savings from this option are underway.

**Costs/Cost Savings**

Analysis done for the Climate Advisory Team in 2007 suggested cost savings from CHP implementation between 2008-2012 could be \$317 million dollars on a net present value basis. Additional analyses are ongoing.

**Interaction with Ongoing GHG Emissions Reduction Programs in Washington**

Programs developed in compliance with I-937 get double credit for all CHP projects.

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

### 2009 Action Description:

#### Background

The overall effort would involve all of the public sector. It includes existing buildings and new construction. It would include state agencies, universities, colleges, school districts and local governments. Education and promotion of the program will need to be critical components to the success of the 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 also critical and has been initiated. The ENERGY STAR program is poised to help, for the most part, at no cost. Reporting will be through ENERGY STAR and the US Green Building Council (USGBC).

Affected state agencies will report activity to OFM, but for schools, universities, colleges and local governments will report internally. Energy performance of all buildings will be posted to a highly publicized web site. It is this program transparency and activating of stakeholders and constituents with information and awareness that will become the "carrot and stick" the program needs for success.

The program relies upon the well-established ENERGY STAR and US Green Building Council LEED programs for some level of training, third party verification, and reporting that will be accessible to the public. Additional training will also be coordinated by GA, Dept. of Ecology, and WSU Extension – Energy Programs.

Public entities affected by this proposal are encouraged to make operational refinements to improve the ENERGY STAR score prior to the July 2010 target date and thereafter. These could include scheduling equipment operation to coincide with occupancy and emphasis on energy efficient occupant behavior.

It is recommended that entities affected by this proposal that manage over 1,000,000 SF of conditioned building space consider the implementation of a Resource Conservation Management program utilizing dedicated staff. Seek assistance from your serving energy utility(s) for financial support and technical assistance. Technical assistance will also be available through the WSU Extension – Energy Programs.

### PROPOSED LEGISLATION DETAIL

#### Section A: Definitions

**Architecture 2030.** A non-profit, non-partisan and independent organization, Architecture 2030 was established in response to the global-warming crisis. It refers to an energy performance standard that uses the Energy Star commercial buildings program.

**Benchmark.** The energy used by a building as recorded monthly for at least one year. The building energy use and the building characteristics information are required inputs for ENERGY STAR's Portfolio Manager. Buildings on a campus served by a central plant or centralized metering can develop a prorated benchmark for the buildings served by the central plant.

**Conditioned and Occupied Building.** A building that is occupied more than 30 hours per week, on average, and meeting the definition of a Conditioned Space in the Washington State Energy Code.

**Cost-effective.** Energy conservation measures means energy conservation measures that the investment grade audit concludes will generate savings sufficient to finance project loans of not more than ten years.

**Department.** Refers to the Department of General Administration.

**ENERGY STAR score.** The score provided by the ENERGY STAR program, which indicates the energy efficiency performance of the building compared to similar buildings in **the same climate zone**. ENERGY STAR is a nationally recognized EPA building energy rating system that is also used by LEED – EB O&M **and Architecture 2030** as the energy performance metric. Unrated building types will develop a benchmark using guidance and principles from the ENERGY STAR and LEED EB programs. The department will recommend methods to establish benchmarks for unrated buildings.

**Investment grade energy audit.** A detailed audit prepared by an Energy Service Company pre-selected by the department **in an open public selection process**, to provide an energy savings proposal that will guarantee first cost and savings of the energy measures identified. The proposed measures must meet the customer's cost effectiveness criteria or the investment grade audit is free.

**LEED – EB O&M.** Refers to Leadership in Energy and Environmental Design – Existing Buildings Operations & Maintenance as developed by the United States Green Building Council.

**LEED – NC Gold.** Refers to Leadership in Energy and Environmental Design – New Construction. Gold is a level of performance within the LEED Green Building Rating System.

**MACC.** The maximum allowable construction cost.

**Preliminary energy audit.** A quick evaluation by an Energy Service Company of the energy savings potential of a building. This is a free service through the department's Energy Savings **Performance Contracting** program.

**Resource Conservation Management program.** A program focused on tracking and conserving energy and water to save on expenses.

## **Section B: Existing Public Buildings**

### ***Part 1: State agencies, colleges, universities and school districts***

1. By July 1, 2010 each state agency, college, university and school district shall create an energy benchmark for each conditioned and occupied building over 10,000 square feet using the US EPA's ENERGY STAR Portfolio Manager program.

2. This baseline information will be posted on the ENERGY STAR website or other site as determined by Dept. of Ecology and will be open to public review.
3. For each building with an ENERGY STAR score below 50, state agencies, colleges, universities and school districts shall undertake a preliminary energy audit by July 1, 2011. Department of General Administration's Energy Performance Contracting program will provide the necessary technical assistance to meet this requirement.
4. If potential cost effective energy savings are identified, an investment grade energy audit must be completed by July 1, 2012.
5. Cost-effective energy conservation measures identified in the investment grade energy audit must be implemented by July 1, 2015.
6. All buildings under this section will be required to maintain an ENERGY STAR score of greater than 75 after October 1, 2016. Monthly inputs are required to keep the Energy Star score current.
7. The ENERGY STAR score will be posted for public review at a site determined by Dept. of Ecology.
8. (a) By October 1, 2016 all state agency, college, university and school district owned buildings over 50,000 SF under this section will be certified to LEED – EB O&M Silver or equivalent system as determined by the department, and will be re-certified every 5 years.  
(b) All buildings over 50,000 SF covered by this section must achieve the following standards:
  - i) ENERGY STAR score of 75 or better.
  - ii) LEED-EB-OM: WE credit 2 Indoor Plumbing Fixture and Fitting Efficiency – 1 point.
  - iii) LEED-EB-OM: WE credit 3 Water Efficient Landscaping – 1 point.
  - iv) LEED-EB-OM: MR credit 7 Solid Waste Management: Ongoing Consumables – 3 points(c) These standards will be evaluated for update by guideline by the department in consultation with a committee of affected agencies in 2016 and every 4 years following.
9. Buildings planned for demolition or major renovation by July 1, 2015 are exempt from the requirement to undertake a preliminary energy audit and subsequent energy audits and energy measure implementation.
10. New buildings will be required to comply with the Existing Public Buildings requirements 3 years after occupancy.
11. By July 1, 2011 each conditioned and occupied leased building over 20,000 square feet occupied entirely by a state agency, college, university and school district shall create an energy benchmark using the US EPA's ENERGY STAR Portfolio Manager program.
12. This benchmark information will be posted on the ENERGY STAR website or other site as determined by Dept. of Ecology and will be open to public review.
13. All conditioned and occupied leased buildings over 20,000 SF occupied entirely by a state agency, university or school district must achieve an ENERGY STAR score of 75 or better by October 1, 2016.

14. Buildings that have lease agreements that predate this statute will be exempt, however, any new lease or lease renewal must comply within 15 months of the new lease inception.

### ***Part 2: Cities, Counties, and other Public Taxing Authorities***

The provisions are the same for buildings owned and leased by cities, counties and other public taxing authorities as in Section B (Part 1), *except* the following timelines are extended:

1. By July 1, 2011 each city, county, and other public taxing authority shall create an energy benchmark for each **owned** conditioned and occupied building over 10,000 square feet using the US EPA's ENERGY STAR Portfolio Manager program.
2. For each **publicly owned** building with an ENERGY STAR score below 50, each city, county, and other public taxing authority shall undertake a preliminary energy audit by July 1, 2012.
3. If potential cost effective energy savings are identified, an investment grade energy audit must be completed by July 1, 2014.
4. Cost-effective energy conservation measures identified in the investment grade energy audit must be implemented by July 1, 2017.
5. All buildings under this section will be required to maintain an ENERGY STAR score of greater than 75 after October 1, 2018
6. By October 1, 2018 all buildings over 50,000 SF under this section will be certified to LEED – EB O&M Silver or equivalent system as determined by the department, and will be **re-certified** every 5 years.
7. The initial energy benchmarking efforts will be the responsibility of the local jurisdictions. This is good building operating practices and will help the owners identify buildings with savings opportunities. It would also help to identify no cost and low cost measures. The cost of a preliminary audit and investment grade audit, if working through the Dept. of General Administration's Energy Savings Performance Contracting (ESPC) program, would be zero if no cost effective measures are identified, or would be rolled into the cost of the qualified and contracted energy conservation measures identified. Utility incentives would be utilized to reduce the first cost of measures identified. The balance of the costs for implementation of the energy measures could come from low cost State Treasurer financing. Financing would be paid back from the guaranteed savings. Using this approach requires no capital outlay. The cost of the measures is completely paid off by the savings.
8. As for the cost of the LEED – EB O&M program for buildings over 50,000 SF, these would need to come from the local jurisdictions, however, savings in energy and water, and increase productivity of the workers would provide for a quick payback on costs. An estimate of the cost for documentation and submittal fees is \$10,000 to \$50,000 per building. Economies will be realized with multiple buildings and through a learning curve, subsequent buildings within an organization will cost less. The cost for **LEED-EB O&M re-certification is relatively low.**

### **Section C: New Construction of Public Buildings**

***Part 1: State agencies, colleges, universities and school districts***

1. All occupied and conditioned buildings over 5,000 SF going into design after July 1, 2011 will be required to certify to the LEED NC Gold level or equivalent as determined by the Department. This also applies to major renovation projects where the project construction budget is over 50% of the assessed value of the building. All affected buildings must achieve the following as prerequisites:
  - a) Meet “Architecture 2030” goals for energy performance.
  - b) LEED-NC Water Use Reduction – 2 points.
  - c) LEED-NC Water Efficient Landscaping – 1 point.
  - d) LEED-NC Construction Waste Mgt. – 2 points.
  - e) A minimum of 0.5% of the MACC must be spent on renewable energy systems as defined under LEED.

***Part 2) Cities, Counties, and other Public Taxing Authorities***

1. (a) By July 2011, local governments state-wide shall adopt rules that are at least compliant with this section.  
(b) All occupied and conditioned buildings over 10,000 SF going into design after July 1, 2013 will be required to certify to the LEED NC Gold level.
2. The LEED NC Gold requirement also applies to major renovation projects where the project construction budget is over 50% of the assessed value of the building. All affected buildings must achieve the following as prerequisites:
  - a) Meet “Architecture 2030” goals for energy performance.
  - b) LEED-NC Water Use Reduction – 2 points.
  - c) LEED-NC Water Efficient Landscaping – 1 point.
  - d) LEED-NC Construction Waste Mgt. – 2 points.
  - e) A minimum of 0.5% of the MACC must be spent on renewable energy systems as defined under LEED.
3. The added cost to implement LEED NC Gold for jurisdictions that have no LEED requirements would be 2.7%\*. For jurisdictions that already require LEED NC Silver, the costs should be 0% to 1%.

\* Davis Langston Adamson, Costing Green: A Comprehensive Cost Database and Budgeting Methodology, 2004.

**Procedural and administrative provisions and requirements**

It is recommended that this proposal be implemented through legislative action. As currently proposed, it is consistent with the Governor’s new Executive Order on Sustainability (expected to be released in Fall 2008). An Executive Order alone could achieve a portion of the desired emission reductions; however, the extent of the impacts would be far less.

Many existing programs will be utilized to implement this recommendation: the department, Dept. of Ecology, ENERGY STAR, US Green Building Council's LEED program, NEEC (Northwest Energy Efficiency Council), and electric and gas utility conservation programs.

The department and the Dept. of Ecology will work closely with the Association of Washington Cities and Washington State Association of Counties to provide information and training designed to assist local jurisdictions in the implementation of this statute.

Currently the Dept. of General Administration is responsible for tracking and administration of new construction/major renovations of state and higher education LEED projects. This would remain in place. For the existing buildings, format for reporting will be established by a stakeholder group facilitated by the department (GA). Annual reporting by state agencies will be submitted to OFM. School districts and local governments will be responsible for administration of their own data through a web site identified by Dept. of Ecology.

Costs of implementation for existing buildings below 50,000 SF would be minimal. Energy savings will pay for improvements. There will be some administration related to energy data collection and interaction with the ENERGY STAR website, and if energy savings potential exists, administration of energy performance contracts with the Department would be needed. Often this expertise exists within public organizations and can be absorbed by current staff.

Cost of implementation for existing buildings 50,000 SF and higher to achieve LEED-EB O&M Silver would range from \$10,000 to \$50,000 per building. Economies will be realized with multiple buildings and through a learning curve, subsequent buildings within an organization will cost less. Some costs to achieve LEED-EB O&M Silver could come from the energy performance contracting activities. Cost savings from energy, water and recycling efforts will off-set the costs to achieve LEED-EB O&M Silver over time. Support from utilities may be possible through incentives and/or a reimbursement program.

The added cost for new construction to achieve LEED Gold may only be on the order of \$10,000 for current projects that must meet LEED Silver. The added construction cost to entities currently not building to LEED Silver may be 2.7% of the construction cost.

### **Basis for Selection:**

With the 2005 passage of Chapter 39.35D RCW High-performance public buildings, Washington State stepped forward as a national leader in public sector green building projects. As the mandate has seen implementation, areas that can increase the energy-conserving attributes of these buildings have become known. This proposal aims at increasing the strength of the legislation as it currently exists, ensuring that green public buildings are operated and maintained in such a way as to meet the energy goals of the projects, and set the stage to address issues related to embodied energy as focus shifts to building products.

Because this proposal builds on existing legislation that has seen success, it is primarily a revision to a statute with agency and public momentum. This proposal will ensure that public buildings (new/renovated) prioritize energy efficiency credits offered in green building standards and help to build the market for regionally produced green building materials.

## **Projected emission reductions:**

Emission reductions in existing buildings when buildings reach the ENERGY STAR level of 75 will result in an average reduction in CO<sub>2</sub> of 20% to 25%. This would be further reduced as buildings recertify with ENERGY STAR level of 75, because the overall building energy use will go down thus raising the bar for all buildings. As older buildings are replaced with new efficient buildings, this too will raise the average energy efficiency of the building stock as a whole.

LEED Gold projects for new construction and major renovations require CO<sub>2</sub> reductions of 60% by 2010 when replacing an average building. The CO<sub>2</sub> reduction target would increase because the Optimize Energy credit within LEED would be tied to Architecture 2030 goals which call for Net Zero carbon buildings by 2030.

As the Washington economy grows the overall the number of buildings will increase and so will overall square footage of buildings. It is for this reason that the Architecture 2030 goals be met to achieve the reductions we seek.

## **Summary Results of Analysis for Action EE/GB-2**

EE/GB	Action	GHG Emission Reductions (MMTCO <sub>2</sub> e)				NPV (2008-2020) (\$ Million)	Cost Effectiveness (\$/tCO <sub>2</sub> )
		2012	2020	Cumulative (2008-2020)	Location		
Action 2	Energy Efficiency in Existing, New and Renovated Public Buildings	0.1	1.1	6.0	In-state / regional	-\$229 million	-\$38

## **Key Inputs/Assumption for Analysis of Action EE/GB-2**

### New and Existing Buildings

- Levelized Cost of Electricity Savings: \$32/MWh
- Levelized Cost of Natural Gas Savings: \$6.6/MMBtu
- Fraction of statewide commercial space owned or leased by the State, Universities, or Schools: 15%
- Fraction of existing space owned or leased by the State, Universities, or Schools in buildings of greater than 10,000 square feet: 80%
- Fraction of statewide commercial space in other public buildings: 5%
- Fraction of space in other public buildings that are greater than 10,000 square feet: 80%
- Fraction of statewide residential units publicly-owned: 5% (included in action)

Existing Buildings

- Average Electricity and Gas Savings for Buildings Participating in Program (existing commercial and residential buildings): 20% by 2012, 25.0% by 2020
- Average annual ongoing efficiency improvement in existing public buildings following "ramp-up": 1%/yr

New Buildings

- Fraction of new qualifying public buildings participating in program through target dates: 100%
- Fraction of new public housing units included in program: 80%
- Annual reduction in energy use relative to 2005 existing buildings (for all building types, including public housing), based on Architecture 2030 goals: 64% by 2012, 80% by 2020 (note that this is gross target savings, but Action 2 is applied after Action 3—building codes—so savings attributed to Action 2 will be less on a net basis)
- Ratio of substantially renovated public building space (also covered under program) to new public building space: 1.00 (implies renovated space is approximately equal to new space)
- Average Fraction of Improvement in Electric Energy Intensities for Public (non-residential) Buildings from different sources are as follows:

Energy Efficiency Improvement  
 Solar Thermal Energy (hot water/space heat/space cooling)  
 On-site Solar PV  
 On-site Biomass/Biogas/Landfill Gas Energy Use  
 Green Power Purchase (from off-site, beyond electricity supply RPS)

	2012	2020/all
Energy Efficiency Improvement	90%	85%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	5%
On-site Solar PV	1%	2%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	3%
Green Power Purchase (from off-site, beyond electricity supply RPS)	5%	5%

See Annex for additional details of results of and inputs to the analyses of this option.

**Implementation Approach and Mechanisms:**

**Draft legislation** will be prepared for the 2009 Legislative Session by **September 5, 2008**. The legislative text will be completed by a team consisting of: Rachael Jamison (Department of Ecology), Stuart Simpson (Department of General Administration), Ash Awad (McKinstry), David Van Holde (King County), Tony Usibelli (CTED), Becky Kelly (Washington Environmental Council).

**Potential Barriers:**

The primary critique of the state's existing green building mandate is its lack of additional funding to ensure compliance. By revising the mandate to require a higher level of certification with currently optional credits made mandatory, agencies may have difficulty supporting the legislation due to its potential fiscal impacts and need for additional resources (education/staff/etc.).

**Program Costs:**

Existing programs will be utilized as much as possible,; however, it is recommended that a professional level FTE be provided to each of the following agencies: Dept. of Ecology (for local governments), Dept. of General Administration (for State agencies, colleges and universities), and Office of the Superintendent of Pubic Instruction (for K-12 Schools). This is needed to implement these efforts across all public sector entities.

**Supporting Information:**

- Analysis of estimated greenhouse gas emissions reduction and net costs for this Action will begin shortly.
- Other supporting information will be added as appropriate.

## EE/GB Action 3:

### State Energy Code Improvements and Establishment of 2030 Building Goals

#### 2009 Action Description:

##### Part 1

In the 2009 Washington State Building Code adoption cycle, revise the Washington State Energy Code (WSEC) to achieve a 30 percent reduction in new building energy use compared to the 2006 edition of the WSEC.

##### **Background:**

In 2030, new buildings constructed in the preceding two decades will account for 20 to 25 percent of the commercial building floor area and will account for more than 20 percent of the housing units. Over the same 20 year period, it is expected that most existing buildings will undergo some level of renovation, install new equipment, and will add or replace many energy using devices. As a result, the effectiveness of the State Energy Code as well as federal and state equipment and appliance standards will play a large role in the future energy use intensity of all buildings. It is important to note, that it is much less expensive to implement energy efficiency in buildings during initial construction and major renovations than as stand alone measures. There will also be incentives for improvement of existing buildings as the state electric utilities implement conservation activities in compliance with the state Energy Independence Act.

Building Codes for the State of Washington are reviewed and adopted through an administrative process conducted by the Washington State Building Code Council (SBCC). National and state-developed codes are reviewed, revised and adopted on a three-year cycle. The next review cycle begins early in 2009. Codes adopted by the council during the 2009 cycle will be implemented July 1, 2010. Under the current schedule this process will be repeated in 2012, 2015, 2018, 2021 and so on.

##### **Specific Actions:**

##### **Code Development**

Through the established administrative process, revise the Washington State Energy Code (WSEC) to achieve a 30 percent reduction in new building energy use compared to the 2006 edition of the WSEC. The administrative process will take place in 2009, with the revised code being implemented in July 2010.

The Office of the Governor is responsible for articulating the objective to SBCC, and will provide political and administrative support consistent with obtaining the objective. Technical support shall be provided by the Department of Community, Trade, and Economic Development (CTED) Energy Policy Division.

To limit negative impacts of new building code provisions on existing structures, code development activities will make recommendations for alternative energy code provisions that may be applied to renovations and system replacement in existing buildings. **Modifications to the**

code shall take place in the existing rulemaking process conducted by the State Building Code Council.

*[The group recommends that this information be moved out of codes and into action 1. This is an incentive based approach.]*

## **Code Implementation Support to Local Government**

Technical support for local building departments and the building industry shall be provided. Through federal and utility grant programs, Washington State University Extension Energy Program (WSU) and the Northwest Energy Efficiency Council (NEEC) have historically provided training and technical support for the energy code. These activities provide training to local building department staff and professionals in the building industry. The IWG recognizes that training and technical support are important supporting activities for this implementation strategy. Initial training is needed for code changes and ongoing training is needed to maintain appropriate levels of compliance over the long term.

### **Part 2**

#### **Building Efficiency and Carbon Reduction Strategy**

Legislative action is recommended to provide policy direction in the development and implementation of a long term building energy efficiency and carbon reduction strategy. This includes setting targets for building energy efficiency and carbon reduction through 2030, providing direction to CTED to develop a state strategy for building efficiency and carbon reduction, and establishing a schedule of periodic review and revisions of the state strategy for industry activities involved in building efficiency research, demonstration and education programs designed to support the achievement of the Targets.

#### **Targets for Energy Efficiency and Carbon Reductions in the Building Sector:**

The Washington State Building Efficiency and Carbon Reduction Strategy will include specific targets for median building energy use, by building occupancy class and climate zone. For new buildings, target development will follow a schedule similar to the schedule developed the Architecture 2030 Challenge<sup>1</sup>, but using current code levels as the starting point. By or before 2015, the target for new buildings will be 50 percent of the energy use of base code buildings built to the 2006 Washington State Energy Code (WSEC), with an incremental improvement in new building efficiency reaching net zero by 2030. Existing buildings will be improved over time to achieve a 50 percent reduction in energy use intensity (EUI) for the sector. CTED will be charged with determining the best methodology for establishing the 2009 baseline and monitoring future improvements. Sector improvements may include energy efficiency improvements, implementing innovative sustainable design strategies, generating with on-site renewable power and/or purchasing (20% maximum) renewable energy and/or certified renewable energy credits. The table, **Target Building Sector Median Energy Use Intensity (EUI)**, details the targets.

---

<sup>1</sup> "Architecture 2030, a non-profit, non-partisan and independent organization, was established in response to the global-warming crisis by architect Edward Mazria in 2002. 2030's mission is to rapidly transform the US and global Building Sector from the major contributor of greenhouse gas emissions to a central part of the solution to the global-warming crisis". <http://www.architecture2030.org/home.html>

<b>Target Building Sector Median Energy Use Intensity (EUI)</b>							
Percent of Median 2009 EUI Building Occupancy Class and Climate Zone							
Target Year	2009	2010	2015	2020	2025	2030	
Existing Building Sector (2009)	100%	96%	85%	74%	63%	50%	
New Building Sector (2009)	100%	70%	50%	40%	20%	0%	

Legislative action is recommended that directs the Washington State Building Code Council through their established public process to achieve the energy savings targets.

### **What is a net zero energy or carbon emission building?**

A net zero energy building will produce as much energy as they use on an annual basis. This design criterion combines a high efficiency building with renewable on site generation, typically photovoltaic (PV) panels. On an annual basis the generation system produces enough energy to offset the annual building energy use. To cope with fluctuations in energy demand, zero energy buildings are typically envisioned as connected to the grid, exporting electricity to the grid when there is a surplus, and drawing electricity when not enough electricity is being produced. Under most cases, net zero energy will result in net zero carbon emissions.

It should be noted that the recommendation for the use of renewable resources to meet this target includes up to 20% off site power generation. Thermal and electric generation systems using bio-fuels in combined heat and power systems could also be used to meet net zero carbon emissions standards. Other technologies are expected to enter the marketplace.

### **What is the Net Zero New Building Sector?**

It is recognized that given current state of the shelf technology, it will be difficult for some buildings to install the generating capacity required to power the building on an annual basis. There are also opportunities for some buildings to generate more energy than they require. For example, meeting the power needs of a one-story warehouse using rooftop PV will be easier than meeting the needs of a high rise office structure with limited roof area.<sup>2</sup> Providing policy direction targeting net zero energy for the new building sector allows technical development of standards that account for different building requirements and power systems, while still meeting the target for the sector as a whole.

### **Develop a State Strategy for Building Efficiency and Carbon Reduction.**

It is recommended that the state legislature direct CTED to develop a 2010 State Strategy for Building Energy Efficiency and Carbon Reduction. CTED will develop the strategy with input from the public. The strategy will adopt the Long Term Targets for Energy Efficiency and Carbon Reductions and develop a plan to meet the targets. The state strategy will develop recommendations for a short term and a long term action plan. This plan builds on the actions already recommended by the EE/GB workgroup.

<sup>2</sup> B. Griffith, N. Long, P. Torcellini, and R. Judkoff, *Assessment of the Technical Potential for Achieving Net Zero-Energy Buildings in the Commercial Sector*, National Renewable Energy Laboratory, 2007

The strategic plan will examine the implementation methods for advancing building efficiency and reducing carbon emissions. In recognition that reducing energy use in buildings will include a number of administrative and legislative actions, the strategy should include examination of the interaction between the different methods to assure that actions are complementary.

**Codes and Standards:** Minimum efficiency thresholds for buildings, appliances, and equipment. This includes state codes and standards as well as an examination of the state role in the development and implementation of national standards.

**Emerging Technologies:** Research, development, demonstration and deployment to move new energy-efficient products into the buildings marketplace. It is recognized that to meet the targets specified new technology and building designs will need to be implemented. This includes both building efficiency and building integrated power systems.

**User Incentives:** This including tax incentives, rebates, innovative or discounted financing and non-financial support to energy consumers. This includes the role of government programs as well as utility sponsored programs.

**Education and Technical Assistance:** This includes school curricula, technical training, peer-to-peer exchanges for professional and trade audiences. This may also include education and information programs for energy consumers.

**Measurement:** This includes an examination of expanding building benchmarking actions as well as program evaluation. To the extent possible the Strategy will take advantage of program evaluation conducted by utilities.

### **Update the State Strategy for Building Efficiency and Carbon Reduction Every Three Years**

To assure a continued commitment to the Targets for Energy Efficiency and Carbon Reductions it is recommended that the strategic planning process be repeated at a minimum every three years. It is recommended that the revised strategy precede the state building code development and adoption process that occurs every three years. On this schedule, the first updated strategy would be available prior to May, 2012.

The Update shall include review of program activities covered in the first plan, and also include evaluation of the progress toward the targets. The update shall include recommendations for revisions in each of the above program areas. Recommendation for further action required to achieve the established targets shall be included.

### **Basis for Selection:**

**Part 1.** *In the 2009 Washington State Building Code adoption cycle, revise the Washington State Energy Code (WSEC) to achieve a 30 percent reduction in new building energy use compared to the 2006 edition of the WSEC.*

There is already recognition both in the state and at the federal level that a 30 percent is the appropriate target for improvement in both the residential and commercial building sectors. This level of efficiency is achievable and is necessary to meet the carbon reduction targets established by the Climate Action Team. Part 1 is being proposed separate from the legislative actions detailed in part 2. This is largely due to timing. It is also done in recognition of the existing State Building Code Council public process. The 2009 code revision cycle will be well underway during the legislative session.

**Part 2.** Legislative action is recommended **for the development of a State Building Efficiency and Carbon Reduction Strategy.**

To achieve the proposed targets, it is essential to start early with substantial proposals. It is also important that the strategy be comprehensive and includes new and existing building construction, equipment, appliances as well as community heat and power systems.

In 2030, new buildings constructed in the preceding two decades will account for more than 20 percent of the commercial building floor area and add almost 20 percent to the number of housing units. Over the same 20 year period, it is expected that most buildings will undergo some level of renovation, install new equipment and will add or replace many energy using devices. The effectiveness of the State Energy Code as well as federal and state equipment and appliance standards will play a large role in the future energy use intensity of all buildings. The injection of state and utility incentives will move the existing building sector, as well as promote further innovation in new construction.

The change in the built environment occurs over time. Opportunities to capture the large efficiency improvements at a minimal cost occur only once or twice in the life of a structure. This opportunity occurs during the original design and construction of a building as well as during major renovations. Major building equipment replacements occur in a 15 to 25 year time frame. The development of community scale heat and power system occurs over long planning and implementation periods.

The implementation targets listed suggest a gradual improvement of all buildings over time. But for any specific project, it is important to achieve maximum technical potential when the prime opportunities occur. Much of the progress in building efficiency in Washington has resulted from following a technology maturity progression that begins with research and development, moves through market entry and diffusion support efforts and culminates, where appropriate, in the adoption of common practices as minimum code requirements. Washington has been a leader in each of the elements of this progression and can take advantage of the economic development and job creation opportunity presented by additional work in these areas. Supporting university level research, participating in federal research and analysis projects, working with utilities and private sector partners within the state on market diffusion strategies and supporting effective technology transfer efforts should all be part of a comprehensive plan to continue bringing new technologies and efficiency strategies into the marketplace, into common use, and, where appropriate, into code.

## **Projected emission reductions:**

### **Summary Results of Analysis for Action EE/GB-3**

EE/GB	Action	GHG Emission Reductions (MMTCO <sub>2</sub> e)				NPV (2008-2020) (\$ Million)	Cost Effectiveness (\$/tCO <sub>2</sub> )
		2012	2020	Cumulative (2008-2020)	Location		
Action 3	State Energy Code Improvements and Establishment of 2030 Building Goals	0.3	5.9	24.4	In-state / regional	-\$809 million	-\$33

### Key Inputs/Assumption for Analysis of Action EE/GB-3

#### New and Existing Buildings

- Levelized cost of electricity savings: \$32/MWh
- Levelized cost of natural gas savings: \$6.6/MMBtu
- In both Parts 1 and 2, “substantially renovated” buildings are assumed to be equal in space/number to new buildings

#### Existing Buildings—Part 2 “Building Efficiency and Carbon Reduction Strategy” Element

- Average electricity and gas savings for buildings participating in program (existing commercial and residential buildings): 8.4% by 2012, 26.0% by 2020
- Fraction of existing (as of 2006) commercial and residential buildings participating in program through 2030: 75%
- "Ramp-up" period for existing building element begins in 2012, completed in 2017 (by which time ~4.5% of buildings participate annually)

#### New Buildings—Part 1 “Revised Building Energy Codes” Element

- Average electricity and gas savings for new residential and commercial buildings covered by revised codes, relative to 2006 WSEC: 30%

#### New Buildings—Part 2 “Building Efficiency and Carbon Reduction Strategy” Element

- Fraction of new residential and commercial buildings participating in program through target dates: 50% (after ramp-up which begins in 2012, and is completed by 2017).
- Annual reduction in energy use relative to revised energy code in Part 1 for new and renovated residential and commercial buildings: 8.0% in 2012, 30.0% in 2020
- Average fractions of improvement in electric energy intensities for residential and commercial buildings from different sources are as follows:

Average Fraction of Improvement in Electric Energy Intensities for commercial buildings from:

Energy Efficiency Improvement	90%	80%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	7%
On-site Solar PV	1%	3%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	5%
Green Power Purchase (from off-site, beyond electricity supply RPS)	5%	5%

See Annex for additional details of results of and inputs to the analyses of this option.

### **Implementation Approach and Mechanisms:**

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. Provide substantial efficiency advances in the code as it applies to remodeling, retrofit and equipment replacement.

Through the 2009 administrative procedures of the Washington State Building Code Council (SBCC), develop and adopt advances to the Washington State Energy Code (WSEC) to achieve a 30 percent improvement in building efficiency compared to the 2006 WSEC. The Office of the Governor is responsible for articulating the objective to SBCC, and will provide political and administrative support consistent with obtaining the objective. Technical support for local building departments and the building industry shall be provided by CTED Energy Policy Division and the WSU Extension Energy Program.

### **Potential Barriers:**

A potential barrier to implementation is the lack of knowledge at the local government building departments and in the building industry. This proposed action includes a recommendation for funding to provide training and technical support for those implementing the revised code requirements. This assistance may include training workshops, supportive materials, and direct assistance through available phone technical advice. This approach has proven successful with past energy code changes.

### **Supporting Information:**

The following report outlines a strategy developed by the US Department of Energy for achieving Net Zero Energy Buildings in the Commercial Sector. It is important to note that not all individual buildings will meet this standard. But in the population of buildings, some will exceed net zero and offset the buildings that do not. This is in part the basis for establishing building sector median targets in the **State Building Efficiency and Carbon Reduction Strategy**.

B. Griffith, N. Long, P. Torcellini, and R. Judkoff, *Assessment of the Technical Potential for Achieving Net Zero-Energy Buildings in the Commercial Sector* National Renewable Energy Laboratory, 2007

- Analysis of estimated greenhouse gas emissions reduction and net costs for this Action will begin shortly.
- Other supporting information will be added as appropriate.

## **ANNEX: Additional Analysis Details of Analyses**

## Estimate of Mitigation Option Costs and Benefits for Washington EE/GB IWG GHG Analysis

### Common Assumptions for Washington EE/GB IWG GHG Analysis

Date Last Modified: 10/2/2008 D. Von Hippel/C. Lee

#### Common Assumptions

Real Discount Rate

5%

#### Levelized, Avoided Costs (2008-2020, 2005\$)

Electricity

\$ 66.13 \$/MWh

Estimate based on Energy Supply (ES) Technical Working Group (TWG) decision (at its Nov 7, 2007 meeting), as part of the 2007 WA CAT process, based on Avista avoided cost analysis as described in ES-1 option.

Electricity - Residential

\$66 \$/MWh

Electricity - Commercial

\$66 \$/MWh

Electricity - Industrial

\$66 \$/MWh

Levelized Costs not differentiated by sector for this analysis.

Natural Gas

\$7.6 \$/MMBtu

Levelized costs, 2008 to 2020. 2005-2007 cost from EIA data for "City Gate" prices in WA (from [http://tonto.eia.doe.gov/dnav/ng/ng\\_pri\\_sum\\_dcu\\_SMT\\_a.htm](http://tonto.eia.doe.gov/dnav/ng/ng_pri_sum_dcu_SMT_a.htm)), escalated based on AEO2008 natural gas price projections (see "Fuel prices aeo2008" worksheet in this workbook).

#### Prices

Electricity Price - Sales-Weighted, Levelized

\$59 \$/MWh

Prices are based on DOE data for prices in 2005 [http://www.eia.doe.gov/cneaf/electricity/esr/esr\\_sum.html](http://www.eia.doe.gov/cneaf/electricity/esr/esr_sum.html). Changes from 2008 to 2020 are based on the relative changes in "Region 9" prices in US DOE [Annual Energy Outlook 2008](#). AEO 2008 projects prices to declining to below 2006 levels from 2008 onward.

Electricity - Residential Prices (Levelized, 2008-2020)

\$67 \$/MWh

Electricity - Commercial Prices (Levelized, 2008-2020)

\$62 \$/MWh

Electricity - Industrial Prices (Levelized, 2008-2020)

\$42 \$/MWh

Natural Gas (Delivered, RCI sales-weighted average)

\$11.5 \$/MMBtu

Natural gas prices are estimated as described for electricity above.

Natural Gas - Residential Prices (Levelized, 2008-2020)

\$13.3 \$/MMBtu

Natural Gas - Commercial Prices (Levelized, 2008-2020)

\$13.1 \$/MMBtu

Natural Gas - Industrial Prices (Levelized, 2008-2020)

\$8.8 \$/MMBtu

Biomass - All Users

\$3.4 \$/MMBtu

\$54.5 \$/dry ton

Based on mix of resources (forest biomass and mill residues) as reported in the F TWG (options F-6, and F-7)

Coal - Industrial Users

\$2.5 \$/MMBtu

average coal heat content of 23.18 MMBTU/ton, based on USDOE/EIA data ([http://www.eia.doe.gov/emeu/states/sep\\_use/notes/use\\_b.pdf](http://www.eia.doe.gov/emeu/states/sep_use/notes/use_b.pdf)). USDOE/EIA coal consumption figures for 2006 "other industrial users" are withheld for WA. A "Pacific" (West Coast) average coal price of \$58.12 per ton is given for "Other Industrial Users" in <http://www.eia.doe.gov/cneaf/coal/page/acr/table34.html>. By contrast, the "Other Industrial Users" value for Idaho is given as \$40.57 for 2006.

Oil - Distillate/Diesel

\$15.4 \$/MMBtu

Levelized costs, 2008 to 2020. USDOE/EIA data for wholesale distillate fuel show a cost of \$1.92 per gallon in 2006/07 heating season. This cost does not include fuel taxes. An appendix to the [2006 Annual Energy Outlook](#) by USDOE/EIA (see <http://www.eia.doe.gov/oiia/aeo/pdf/appendixes.pdf>) lists an energy content for distillate oil of 5.799 MMBtu/bbl, or 0.138 MMBtu/gallon. Cost computed used for 2006 price, which is escalated using the trends from AEO2008 all-user distillate oil prices for the Pacific region (see "Fuel prices AEO2008" worksheet in this workbook).

LPG/Propane

\$13.8 \$/MMBtu

Levelized costs, 2008 to 2020. USDOE/EIA data are not available for WA. The US West Coast (PADD V) average wholesale price given by USDOE/EIA for propane is \$1.22 per gallon in the 2006/07 heating season. This cost does not include fuel taxes. Prices expressed on \$/MMBtu basis a conversion factor of 0.09133 MMBtu/gallon (see "Fuel Data" worksheet). Cost computed based on 2006 price, which is escalated using the trends from AEO2008 distillate oil prices for the Pacific region (see "AEO2008 Fuel Prices" worksheet in this workbook).

Landfill Gas - All Users

\$5.0 \$/MMBtu

Placeholder Estimate

Biogas Gas - All Users

\$5.0 \$/MMBtu

Placeholder Estimate

Emission Rates, etc.	2010	2020	Units
<b>Electricity T&amp;D losses (fraction of total generation)</b>	7.4%	7.0%	

*Estimated based on US DOE Annual Energy Outlook figures for 2005 - 2025 for "total sales" and "total net energy for load" as reported in "Table 72. Electric Power Projections for EMM Region, Western Electricity Coordinating Council / Northwest Power Pool Area - 11", from [http://www.eia.doe.gov/oiaf/aeo/supplement/sup\\_elec.xls](http://www.eia.doe.gov/oiaf/aeo/supplement/sup_elec.xls). Could be revised to reflect WA-specific data if available.*

<b>Avoided electricity emissions rate</b>	0.50	0.50	tCO <sub>2</sub> /MWh
---	------	------	-----------------------

*As used in Energy Supply analysis as of 9/20/07 for "small reductions" Can be considered an initial estimate.*

Notes	2010	2020	Units
-------	------	------	-------

**Multi-Gas Emission Factors**

*Except as noted, the following emission factors are calculated from values in the Washington Inventory and Forecast prepared for the CAT, and reflect the average emissions over 2000 to 2020 per BTU and physical amount of fuel. They include combustion CH<sub>4</sub> and N<sub>2</sub>O as well as CO<sub>2</sub> emissions for consistency with the inventory.*

	tCO <sub>2</sub> e/billion BTU		
<b>LPG - RCI</b>	61.978		
<b>Coal - RCI</b>	93.483		
<b>Natural Gas - RCI</b>	52.910		
<b>Biomass - RCI</b>	2.500		<i>Rough estimate at present</i>
<b>Oil - RCI</b>	67.968		<i>Weighted Average over all RCI Petroleum Use, including LPG</i>
<b>Landfill Gas - RCI</b>	0.260		<i>Placeholder Value, from Steve Roe. Does not count benefit of capture of landfill gas.</i>
<b>Biogas - RCI</b>	5.000		<i>Placeholder Value--May in fact be negative</i>

Inflation index (to 2006\$)	Cost Year	Index
	1997	1.26
1998	1.24	
1999	1.21	
2000	1.17	
2001	1.14	
2002	1.12	
2003	1.10	
2004	1.07	
2005	1.03	
2006	1.00	
2007	0.97	
2008	0.92	

Calculated using <http://data.bls.gov/cgi-bin/cpicalc.pl>

As of 9/08

Natural Gas Conversion	1.03	million Btu/ thousand cf
Electricity Conversion	3413	MMBTU/ GWh

**Estimate of Mitigation Option Costs and Benefits for Washington EE/GB IWG GHG Analysis**  
**EE/GB-2 EE/GB Action 2: Energy Efficiency in Existing, New and Renovated Public Buildings**

Date Last Modified: 10/3/2008 D. Von Hippel

Key Data and Assumptions	2012	2020/all	Units
<b>First Year Results Accrue for Existing Public Buildings Elements</b> <i>Assumed to be start of phase-in, based on Action Description.</i>		2012	
<b>First Year Results Accrue for New Public Buildings Elements</b> <i>Based on Action Description.</i>		2012	
<b>Levelized Cost of Electricity Savings</b> <i>Preliminary estimate based on 7-year payback as estimated in WGA CDEAC EE Report. See Note 1. This figure may need to be revisited in consideration of existing requirements, at least for new buildings, in WA.</i>	\$32		\$/MWh
<b>Levelized Cost of Natural Gas Savings</b> <i>Preliminary estimate based on 7-year payback as estimated in WGA CDEAC EE Report. See Note 1. This figure may need to be revisited in consideration of existing requirements, at least for new buildings, in WA.</i>	\$6.6		\$/MMBtu
<b>Avoided Electricity Cost</b> <i>See "Common Factors" worksheet in this workbook.</i>	\$66		\$/MWh
<b>Avoided Natural Gas Cost</b> <i>See "Fuel prices aeo2008" and "Common Factors" worksheets in this workbook.</i>	\$7.6		\$/MMBtu

Other Data, Assumptions, Calculations	2012	2020/all	Units
<b>Inputs to/Intermediate Results of Calculation of Electricity and Gas Savings</b>			
Total Commercial Floorspace in Washington (million square feet) <i>Estimated (see "WA_Activities_Est" worksheet in this workbook) based on USDOE EIA CBECs (comercial survey) data for the Pacific region, extrapolated using projected Washington population as a driver.</i>	1,860	2,049	
Est. area of new commercial space per year in WA (million square feet) <i>Calculated based on annual floorspace estimates above.</i>	23.7	23.4	
Fraction of statewide commercial space owned or leased by the State, Universities, or Schools <i>Placeholder estimate. US DOE Commercial Building Energy Consumption Survey (CBECS) data for the Pacific States suggests that about 20 percent of commercial building space is government owned, of which about 1% is federal, over 7 percent is state-owned, and the rest is locally-owned. It is assumed that a significant fraction of the local government floorspace is in public schools.</i>		15%	
Fraction of existing space owned or leased by the State, Universities, or Schools in buildings of greater than 10,000 square feet. <i>Placeholder estimate--see above.</i>		80%	
Fraction of statewide commercial space in other public buildings <i>Placeholder estimate--see discussion of CBECS data above.</i>		5%	
Fraction of space in other public buildings that are greater than 10,000 square feet. <i>Placeholder estimate.</i>		80%	
Total Residential Housing Units in Washington <i>Assumes 2005 ratio of new homes to increase in population holds through 2020. Based on 2005 WA housing units as provided in U.S Census Bureau annual data, <a href="http://www.census.gov/popest/housing/HU-EST2005.html">http://www.census.gov/popest/housing/HU-EST2005.html</a>.</i>	2,925,533	3,223,978	
Implied persons per housing units in Washington (for reference only)	2.33	2.33	
Actual number of new housing units in Washington in 2007		44,944	
Estimated number of new residential units per year <i>Calculated based on estimates above.</i>	38,019	37,541	
Fraction of statewide residential units publically-owned <i>Placeholder estimate.</i>		5%	

Implied Average Electricity Consumption per Square Foot Commercial Space in Washington as of 2005 (see <b>Note 2</b> )	16.51 kWh/yr
Implied Average Natural Gas Consumption per Square Foot Commercial Space in Washington as of 2005 (see <b>Note 2</b> )	26.73 kBtu/yr
Electricity consumption per square foot in publicly-owned or leased commercial space relative to average in WA <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>	100%
Gas consumption per square foot in publicly-owned or leased commercial space <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>	100%
Implied Average Electricity Consumption per Square Foot Publicly-owned or -leased Space in Washington as of 2005	16.51 kWh/yr
Implied Average Gas Consumption per Square Foot Publicly-owned or -leased Space in Washington as of 2005	26.73 kBtu/yr
Implied Average Electricity Consumption per Housing Unit in Washington as of 2005 (see <b>Note 2</b> )	12.52 MWh/yr
Implied Average Natural Gas Consumption per Housing Unit in Washington as of 2005 (see <b>Note 2</b> )	28.60 MMBtu/yr
Electricity consumption per square foot in publicly-owned or leased housing relative <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>	100%
Gas consumption per square foot in publicly-owned or leased housing relative to <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>	100%
Implied average electricity consumption per publicly-owned or leased housing unit in Washington as of 2005	12.52 MWh/yr
Implied average gas consumption per publicly-owned or leased housing unit in Washington as of 2005	28.60 MMBtu/yr

**PROGRAM ASSUMPTIONS FOR EE/GB-2**

2012	2020/all	Units
------	----------	-------

**Energy Efficiency Improvements in Existing Public Buildings**

Average Electricity and Gas Savings for Buildings Participating in Program (existing commercial and residential buildings)	20.0%	25.0%
--	-------	-------

*The description for this option currently includes the following: "Emission reductions in existing buildings when buildings reach the ENERGY STAR level of 75 will result in an average reduction in CO<sub>2</sub> of 20% to 25%. This would be further reduced as buildings recertify with ENERGY STAR level of 75, because the overall building energy use will go down thus raising the bar for all buildings."*

Date program of improvement of existing state, university, and school buildings fully "ramped up" <i>Specified as October 1, 2016 in the Action Description</i>	2017
Date program of improvement of other existing public buildings fully "ramped up" <i>Specified as October 1, 2018 in the Action Description</i>	2019
Fraction of existing (as of 2005) of public buildings participating in program through target dates <i>Program Goal.</i>	100%/yr
Average annual ongoing efficiency improvement in existing public buildings following "ramp-up" <i>Program Goal (placeholder value). Intended to reflect ongoing efforts to improve energy efficiency once initial target of Energy Star rating of 75 (or equivalent) has been met.</i>	1%/yr
Fraction of existing (as of 2005) public housing units participating in program through target date (uses target date for "other existing public buildings"). <i>Assumes that public housing included in program (currently placeholder value).</i>	80%

Fraction of existing (as of 2005) existing state, university, and school buildings participating in program annually.  
*Calculated from above.*

16.7%	0.0%/yr
-------	---------

Implied existing state, university, and school buildings floorspace included in program annually (million square feet)

34.030	- /yr
--------	-------

Fraction of existing (as of 2005) existing other public buildings participating in program annually.  
*Calculated from above.*

12.5%	0.0%/yr
-------	---------

Implied other public buildings floorspace included in program annually (million square feet)

8.508	- /yr
-------	-------

Fraction of existing (as of 2005) existing public housing units participating in program annually.  
*Calculated from above.*

10.0%	0.0%/yr
-------	---------

Implied number of public housing units included in program annually

13,260	- /yr
--------	-------

**Energy Efficiency Improvements in New Public Buildings**

Fraction of new qualifying public buildings participating in program through target dates  
*Program Goal.*

100%/yr
---------

Fraction of new space owned or leased by the State, Universities, or Schools in buildings of greater than 5,000 square feet.  
*Placeholder estimate.*

90%
-----

Fraction of new space owned or leased in other public buildings of greater than 10,000 square feet.  
*Placeholder estimate.*

80%
-----

Fraction of new public housing units included in program.  
*Placeholder estimate.*

80%
-----

Annual **reduction** in energy use relative to 2005 existing buildings (for all building types, including public housing), based on Architecture 2030 goals.  
*From <http://www.architecture2030.org/pdfs/2030Blueprint.pdf>, [The 2030 Blueprint: Solving Climate Change Saves Billions](#), Architecture 2030, page 6. Action document specifies that Architecture 2030 goals should be met for new and renovated public buildings.*

64.0%	80.0%
-------	-------

Ratio of substantially renovated public building space (also covered under program) to new public building space.  
*Placeholder estimate, but consistent with that applied in the Architecture 2030 document referenced above for the United States as a whole.*

1.00
------

Ratio of substantially renovated public housing (also covered under program) to new public building space.  
*Placeholder estimate, but consistent with that applied in the Architecture 2030 document referenced above for the United States as a whole.*

1.00
------

Implied new state, university, and school buildings floorspace included in program annually (million square feet)

6.391	6.311 /yr
-------	-----------

Implied new other public buildings floorspace included in program annually (million square feet)

1.894	1.870 /yr
-------	-----------

Implied number of new residential public housing units included in program  
*Calculated from above.*

1,521	1,502 /yr
-------	-----------

**CALCULATION OF SAVINGS****Energy Efficiency Improvements in Existing Public Buildings**

Implied total electricity savings in existing existing state, university, and school buildings participating in program annually.

*First-year savings--not cumulative.*

2012	2020/all	Units
112.4	40.6	GWh/yr

Implied total electricity savings in existing other public buildings participating in program annually.

*First-year savings--not cumulative.*

28.1	13.5	GWh/yr
------	------	--------

Implied total gas savings in existing existing state, university, and school buildings participating in program annually.

*First-year savings--not cumulative.*

181.9	65.7	GBtu/yr
-------	------	---------

Implied total gas savings in existing other public buildings participating in program annually.

*First-year savings--not cumulative.*

45.5	21.9	GBtu/yr
------	------	---------

Implied total electricity savings in existing public housing

*First-year savings--not cumulative.*

33.2	20.2	GWh/yr
------	------	--------

Implied total gas savings in existing public housing

75.8	46.1	GBtu/yr
------	------	---------

Implied cumulative electricity savings in existing existing state, university, and school buildings

112.4	865.1	GWh/yr
-------	-------	--------

Implied cumulative electricity savings in existing other public buildings

28.1	267.8	GWh/yr
------	-------	--------

Implied cumulative gas savings in existing existing state, university, and school buildings

181.9	1,400.2	GBtu/yr
-------	---------	---------

Implied cumulative gas savings in existing other public buildings

45.5	433.5	GBtu/yr
------	-------	---------

Implied cumulative electricity savings in existing public housing

33.2	320.8	GWh/yr
------	-------	--------

Implied cumulative gas savings in existing public housing

75.8	732.4	GBtu/yr
------	-------	---------

**Energy Efficiency Improvements in New Public Buildings**

2012	2020/all	Units
------	----------	-------

Average 2009 Energy Use Index for new commercial space relative to 2005 average energy use (electric and gas) per unit floor area in existing commercial space.

1.00
------

*Placeholder value. Value of 1.0 indicates that 2009 average for new buildings will be similar to 2005 average for all existing buildings*

Annual **reduction** in energy use relative to 2005 existing buildings (for all building types, including public housing), based on improvements in building energy codes through Action EE/GB-3.

38.0%	70.0%
-------	-------

*Based on EE/GB-3 goals for new buildings.*

Implied additional reduction relative to 2005 energy intensity to meet Architecture 2030 goals

26.0%	10.0%
-------	-------

Implied required intensity improvement to meet Architecture 2030 goals, public sector (non-residential) buildings, electricity use per square foot

4.29	1.65	kWh/yr
------	------	--------

Implied required intensity improvement to meet Architecture 2030 goals, public sector (non-residential) buildings, gas use per square foot

6.95	2.67	kBtu/yr
------	------	---------

Average Fraction of Improvement in Electric Energy Intensities for Public (non-residential) Buildings from:

- Energy Efficiency Improvement
- Solar Thermal Energy (hot water/space heat/space cooling)
- On-site Solar PV
- On-site Biomass/Biogas/Landfill Gas Energy Use
- Green Power Purchase (from off-site, beyond electricity supply RPS)

90%	85%
3%	5%
1%	2%
1%	3%
5%	5%

*All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.*

Average Fraction of Improvement in Gas Energy Intensities for Public (non-residential) Buildings from:

- Energy Efficiency Improvement
- Solar Thermal Energy (hot water/space heat/space cooling)
- On-site Solar PV
- On-site Biomass/Biogas/Landfill Gas Energy Use
- Green Power Purchase (from off-site, beyond electricity supply RPS)

96%	92%
3%	5%
0%	0%
1%	3%
0%	0%

*All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.*

Implied Cumulative Impacts of Action, New (non-residential) Public Building Space (Electricity savings)

- Energy Efficiency Improvement
- Solar Thermal Energy (hot water/space heat/space cooling)
- On-site Solar PV
- On-site Biomass/Biogas/Landfill Gas Energy Use
- Green Power Purchase (from off-site, beyond electricity supply RPS)

31.66	194.20	GWh
1.21	9.00	GWh
0.43	3.39	GWh
0.50	4.56	GWh
1.78	11.11	GWh

Implied Cumulative Impacts of Action, New (non-residential) Public Building Space (Natural Gas savings)

- Energy Efficiency Improvement
- Solar Thermal Energy (hot water/space heat/space cooling)
- On-site Solar PV
- On-site Biomass/Biogas/Landfill Gas Energy Use
- Green Power Purchase (from off-site, beyond electricity supply RPS)

54.81	337.80	GBtu/yr
1.96	14.57	GBtu/yr
-	-	GBtu/yr
0.81	7.38	GBtu/yr
-	-	GBtu/yr

Implied required intensity improvement to meet Architecture 2030 goals, public housing, electricity use per unit

3.26	1.25	MWh/yr
------	------	--------

Implied required intensity improvement to meet Architecture 2030 goals, public housing, gas use per unit

7.43	2.86	kBtu/yr
------	------	---------

Average Fraction of Improvement in Electric Energy Intensities for Public Housing from:

Energy Efficiency Improvement	90%	85%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	5%
On-site Solar PV	1%	2%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	3%
Green Power Purchase (from off-site, beyond electricity supply RPS)	5%	5%

All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.

Average Fraction of Improvement in Gas Energy Intensities for Public Housing from:

Energy Efficiency Improvement	96%	92%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	5%
On-site Solar PV	0%	0%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	3%
Green Power Purchase (from off-site, beyond electricity supply RPS)	0%	0%

All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.

Implied Cumulative Impacts of Option, New Public Housing (Electricity savings)

Energy Efficiency Improvement	4.41	27.03	GWh
Solar Thermal Energy (hot water/space heat/space cooling)	0.17	1.25	GWh
On-site Solar PV	0.06	0.47	GWh
On-site Biomass/Biogas/Landfill Gas Energy Use	0.07	0.63	GWh
Green Power Purchase (from off-site, beyond electricity supply RPS)	0.25	1.55	GWh

Implied Cumulative Impacts of Option, New Public Housing (Natural Gas savings)

Energy Efficiency Improvement	10.76	66.33	GBtu/yr
Solar Thermal Energy (hot water/space heat/space cooling)	0.38	2.86	GBtu/yr
On-site Solar PV	-	-	GBtu/yr
On-site Biomass/Biogas/Landfill Gas Energy Use	0.16	1.45	GBtu/yr
Green Power Purchase (from off-site, beyond electricity supply RPS)	-	-	GBtu/yr

### Additional Inputs to/Intermediate Results of Costs Analyses

Estimated annual levelized cost of residential solar hot water per unit output

Based on inputs to/results of solar hot water heating analysis included in EE/GB-1A.

2012	2020/all	Units
41.19	30.60	\$/MMBtu

Estimated annual levelized cost of commercial solar hot water per unit output

Based on inputs to/results of solar hot water heating analysis included in EE/GB-1A.

38.89	28.89	\$/MMBtu
-------	-------	----------

Adjustment to solar thermal costs for inclusion of space heat/cooling measures

Placeholder assumption--Value of 1.0 implies that solar space heat and cooling will cost the same per unit output as solar water heating.

1.00	1.00
------	------

Implied Per Unit Cost Electricity Avoided by residential Solar WH/SH/Cooling

Implied Per Unit Cost Natural Gas Avoided by residential Solar WH/SH/Cooling

Assumes delivered solar WH/SH/Cooling replaces electric with EF of 0.93, gas with EF of 0.70 (and therefore one MMBtu of delivered solar heat is the equivalent of more than one MMBtu of each fuel).

130.70	97.09	\$/MWh
28.83	21.42	\$/MMBtu

Implied Per Unit Cost Electricity Avoided by Solar WH/SH/Cooling (Commercial)

Implied Per Unit Cost Natural Gas Avoided by Solar WH/SH/Cooling (Commercial)

Assumes delivered solar WH/SH/Cooling replaces electric with EF of 0.93, gas with EF of 0.70 (and therefore one MMBtu of delivered solar heat is the equivalent of more than one MMBtu of each fuel).

123.40	91.67	\$/MWh
27.22	20.22	\$/MMBtu

Estimated annual levelized cost of on-site Solar PV, Commercial 

546	353
-----	-----

 \$/MWh  
*Based on inputs to/results of solar PV analysis included in EE/GB-1A.*

Estimated annual levelized cost of on-site residential Solar PV 

506	327
-----	-----

 \$/MWh  
*Based on inputs to/results of solar PV analysis included in EE/GB-1A.*

Fuel Cost for On-site Biomass/Biogas/Landfill Gas Energy Use 

3.41
------

 \$/MMBtu  
*Based on costs for Biomass fuel, which will likely dominate this category of fuel inputs. See "Common Assumptions" worksheet in this workbook. If significantly processed biomass fuels (such as pelletized fuels) are required, this cost may need to be increased.*

Relative Efficiency of On-site Biomass/Biogas/Landfill Gas displacing electricity 

0.75
------

  
*Placeholder assumption.*

Factor to reflect probable higher costs of on-site Biomass/Biogas/Landfill Gas Equipment Relative to Electric Equipment 

1.50
------

  
*Placeholder assumption--In most cases, heating/water heating equipment designed to use biomass-derived fuels will be more expensive than equipment designed to use electricity. This factor loads these incremental capital costs into estimated fuel costs.*

Implied Per Unit Cost Electricity Avoided by Biomass/Biogas/Landfill Gas 

23.16	23.16
-------	-------

 \$/MWh

Incremental Cost for Green Power Purchase (from off-site, beyond supply RPS) 

25.00	20.00
-------	-------

 \$/MWh  
*Placeholder assumption.*

	2012	2020/all	Units
<b>Implied Annual Net Costs of Action, New Public (non-residential) Buildings (Electricity savings)</b>			
Energy Efficiency Improvement	\$ (1,075)	\$ (6,593)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 69	\$ 364	\$ thousand
On-site Solar PV	\$ 205	\$ 1,304	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (21)	\$ (196)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ 44	\$ 255	\$ thousand

<b>Implied Annual Net Costs of Action, New Public (non-residential) Buildings (Gas savings)</b>			
Energy Efficiency Improvement	\$ (57)	\$ (352)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 38	\$ 232	\$ thousand
On-site Solar PV	\$ -	\$ -	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (3)	\$ (31)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ -	\$ -	\$ thousand

<b>Implied Annual Net Costs of Action, New Public Housing (Electricity savings)</b>			
Energy Efficiency Improvement	\$ (150)	\$ (918)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 10	\$ 51	\$ thousand
On-site Solar PV	\$ 28	\$ 182	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (3)	\$ (27)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ 6	\$ 36	\$ thousand

<b>Implied Annual Net Costs of Action, New Public Housing (Gas savings)</b>			
Energy Efficiency Improvement	\$ (11)	\$ (69)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 8	\$ 45	\$ thousand
On-site Solar PV	\$ -	\$ -	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (1)	\$ (6)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ -	\$ -	\$ thousand

Implied Annual Net Costs of Option, Existing Public (non-residential) Buildings (Electricity savings) 

\$ (4,770)	\$ (38,462)
------------	-------------

 \$ thousand

Implied Annual Net Costs of Option, Existing Public (non-residential) Buildings (Gas savings) 

\$ (237)	\$ (1,910)
----------	------------

 \$ thousand

Implied Annual Net Costs of Option, Existing Public Housing (Electricity savings) 

\$ (1,128)	\$ (10,890)
------------	-------------

 \$ thousand

Implied Annual Net Costs of Option, Existing Public Housing (Gas savings) 

\$ (79)	\$ (763)
---------	----------

 \$ thousand

<b>Results</b>	<b>2012</b>	<b>2020</b>	<b>Units</b>
<b>Electricity (Conventional)</b>			
Reduction in Electricity Sales: Public Housing	38	352	GWh (sales)
Reduction in Electricity Sales: Public Sector Buildings (non-residential)	176	1,355	GWh (sales)
TOTAL Reduction in Electricity Sales	214	1,707	GWh (sales)
Reduction in Generation Requirements	231	1,836	GWh (generation)
GHG Emission Savings	<b>0.12</b>	<b>0.92</b>	MMtCO <sub>2</sub> e
<b>Economic Analysis</b>			
Net Present Value (2008-2020)		<b>-\$186</b>	\$million
Cumulative Emissions Reductions (2008-2020)		5.1	MMtCO <sub>2</sub> e
Cost-Effectiveness		<b>-\$36.43</b>	\$/tCO <sub>2</sub> e
<b>Natural Gas</b>			
Reduction in Gas Use, Public Housing	87	803	Billion BTU
Reduction in Gas Use, Public Sector Buildings (non-residential)	285	2,193	Billion BTU
TOTAL Reduction in Gas Sales	372	2,996	Billion BTU
GHG Emission Savings	<b>0.02</b>	<b>0.16</b>	MMtCO <sub>2</sub> e
<b>Economic Analysis</b>			
Net Present Value (2008-2020)		<b>-\$10</b>	\$million
Cumulative Emissions Reductions (2008-2020)		0.9	MMtCO <sub>2</sub> e
Cost-Effectiveness		<b>-\$10.93</b>	\$/tCO <sub>2</sub> e
<b>Biomass/Biogas/Landfill Gas Fuel Use</b>			
Added GHG Emissions from Biomass Fuels Use	<b>0.00001</b>	<b>0.00008</b>	MMtCO <sub>2</sub> e
Cumulative added Emissions from Biomass Fuels (2007-2020)		0.0004	MMtCO <sub>2</sub> e
<b>Summary Results for EE/GB-2</b>			
<b>Total for Option (Natural gas and Electricity less Biomass)</b>			
GHG Emission Savings	<b>0.14</b>	<b>1.08</b>	MMtCO <sub>2</sub> e
Net Present Value (2008-2020)		<b>-\$195.4</b>	\$million
Cumulative Emissions Reductions (2008-2020)		6.0	MMtCO <sub>2</sub> e
Cost-Effectiveness		<b>-\$32.70</b>	\$/tCO <sub>2</sub> e
<b>Additional Summary Results for EE/GB-2 for Reporting</b>			
Total Green Power Purchased Under EE/GB-2	2	13	GWh (sales)
Total Green Power Generation to Serve EE/GB-2	2	14	GWh (generation)
GHG Emission Savings from Green Power Component	<b>0.0011</b>	<b>0.0068</b>	MMtCO <sub>2</sub> e
Net Present Value (2008-2020) of Green Power component of EE/GB-2		<b>\$1</b>	\$million
Total Renewable Electricity Under EE/GB-2	0	4	GWh (at consumer site)
Total Reduction in Conventional Generation due to Renewable Electricity Under EE/GB-2 (displacement from Solar PV)	1	4	GWh (equivalent at central generator)
GHG Emission Savings from Renewable Power Component	<b>0.0003</b>	<b>0.0020</b>	MMtCO <sub>2</sub> e
Net Present Value (2008-2020) of renewable electricity component of EE/GB-2		<b>\$5</b>	\$million

**NOTES AND DATA FROM SOURCES**

**Note 1:**

From The Energy Efficiency Task Force Report to the Clean and Diversified Energy Advisory Committee of the Western Governors Association.

The Potential for More Efficient Electricity Use in the Western United States, January, 2006. This report is referred to here as the "WGA CDEAC EE report" and can be found at:

<http://www.westgov.org/wga/initiatives/cdeac/Energy%20Efficiency-full.pdf>.

The CDEAC report provides a cost of saved energy (electricity)

based on an average 7-year payback for code improvements (page 42). This is likely to be a lower bound for the cost of green building practices that yield a 50 percent improvement over existing buildings, but is used as a starting point for this analysis.

For Washington, the equivalent cost is estimated as follows for electricity and natural gas

payback	7	years, from CDEAC report
lifespan	25	years, conservative assumption
<b>elec price</b>	<b>\$65</b>	\$/MWh (weighted average levelized cost of residential and commercial electricity prices in WA--See Common Factors worksheet).
<b>NG price</b>	<b>\$13.25</b>	\$/MMBtu (weighted average levelized cost of residential and commercial natural gas prices in WA--See Common Factors worksheet).

Electricity levelized cost	\$32.176	\$/MWh
Natural Gas levelized cost	\$6.583	\$/MMBTU

**Note 2:**

Based on results from Table B.5 of the 2003 Commercial Buildings Energy Consumption Survey, Detailed Tables dated October 2006 and published by the US Department of Energy's Energy Information Administration, and available as [http://www.eia.doe.gov/emeu/cbecs/cbecs2003/detailed\\_tables\\_2003/pdf2003/alltables.pdf](http://www.eia.doe.gov/emeu/cbecs/cbecs2003/detailed_tables_2003/pdf2003/alltables.pdf), as described in "WA\_Activities\_Est" worksheet in this workbook.

Following data on electricity sales in Washington as of 2005 as described in "Utility\_Sales" worksheet in this workbook. Downloaded from [http://www.eia.doe.gov/cneaf/electricity/epa/epa\\_sprdshts.html](http://www.eia.doe.gov/cneaf/electricity/epa/epa_sprdshts.html) (file sales\_revenue.xls)

	MWh	Fraction of Total
Residential	33,212,197	40%
Commercial	28,099,583	34%
Industrial	22,111,773	27%
Total	83,423,553	100%

For natural gas use in Washington, consumption data are from the USDOE EIA downloaded from [http://www.eia.doe.gov/oil\\_gas/natural\\_gas/applications/eia176query.html](http://www.eia.doe.gov/oil_gas/natural_gas/applications/eia176query.html) are as follows: (See "EIA\_NG\_Data" worksheet in this workbook for raw EIA data)

	Sales (Million Cubic Feet of Natural Gas)			
	Residential	Commercial	Industrial	Total
2005	73,626	44,155	10,565	128,347
Fraction of 2005				
Total	57%	34%	8%	100%

**Estimate of Mitigation Option Costs and Benefits for Washington EE/GB IWG GHG Analysis**  
**EE/GB-3**      **EE/GB Action 3: State Energy Code Improvements and Establishment of 2030 Building Goals**

Date Last Modified: 10/5/2008 D. Von Hippel

Key Data and Assumptions	2012	2020/all	Units
<b>First Year Results Accrue for Building Energy Code Elements</b> <i>Based on Action Description.</i>		2012	
<b>First Year Results Accrue for Existing Buildings and New Building "Beyond Code" Elements</b> <i>Based on Action Description.</i>		2012	
<b>Levelized Cost of Electricity Savings</b> <i>Preliminary estimate based on 7-year payback as estimated in WGA CDEAC EE Report. See Note 1. This figure may need to be revisited in consideration of existing requirements, at least for new buildings, in WA.</i>	\$32		\$/MWh
<b>Levelized Cost of Natural Gas Savings</b> <i>Preliminary estimate based on 7-year payback as estimated in WGA CDEAC EE Report. See Note 1. This figure may need to be revisited in consideration of existing requirements, at least for new buildings, in WA.</i>	\$6.6		\$/MMBtu
<b>Avoided Electricity Cost</b> <i>See "Common Factors" worksheet in this workbook.</i>	\$66		\$/MWh
<b>Avoided Natural Gas Cost</b> <i>See "Fuel prices aeo2008" and "Common Factors" worksheets in this workbook.</i>	\$7.6		\$/MMBtu

Other Data, Assumptions, Calculations	2012	2020/all	Units
<b>Inputs to/Intermediate Results of Calculation of Electricity and Gas Savings</b>			
Total Commercial Floorspace in Washington (million square feet) <i>Estimated (see "WA_Activities_Est" worksheet in this workbook) based on USDOE EIA CBECS (commercial survey) data for the Pacific region, extrapolated using projected Washington population as a driver.</i>	1,860	2,049	
Est. area of new commercial space per year in WA (million square feet) <i>Calculated based on annual floorspace estimates above.</i>	23.7	23.4	
Total Residential Housing Units in Washington <i>Assumes 2005 ratio of new homes to increase in population holds through 2020. Based on 2005 WA housing units as provided in U.S Census Bureau annual data, <a href="http://www.census.gov/popest/housing/HU-EST2005.html">http://www.census.gov/popest/housing/HU-EST2005.html</a>.</i>	2,925,533	3,223,978	
Implied persons per housing units in Washington (for reference only)	2.33	2.33	
Actual number of new housing units in Washington in 2007		44,944	
Estimated number of new residential units per year <i>Calculated based on estimates above.</i>	38,019	37,541	
Implied Average Electricity Consumption per Square Foot Commercial Space in Washington as of 2005 (see <b>Note 2</b> )		16.51	kWh/yr
Implied Average Natural Gas Consumption per Square Foot Commercial Space in Washington as of 2005 (see <b>Note 2</b> )		26.73	kBtu/yr
Electricity consumption per square foot in commercial space meeting 2006 WSEC relative to 2005 average in WA <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>		100%	
Gas consumption per square foot in commercial space meeting 2006 WSEC relative to average in WA in 2005 <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>		100%	

Implied average electricity consumption per square foot commercial space meeting 2006 WSEC	16.51	kWh/yr
Implied average gas consumption per square foot commercial space meeting 2006 WSEC	26.73	kBtu/yr
Implied Average Electricity Consumption per Housing Unit in Washington as of 2005 (see <b>Note 2</b> )	12.52	MWh/yr
Implied Average Natural Gas Consumption per Housing Unit in Washington as of 2005 (see <b>Note 2</b> )	28.60	MMBtu/yr
Electricity consumption per square foot in new houses meeting 2006 WSEC relative to average in WA in 2005 <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>	100%	
Gas consumption per square foot in new houses meeting 2006 WSEC relative to average in WA in 2005 <i>Placeholder estimate--to be set at a value different than 100% if needed.</i>	100%	
Implied average electricity consumption per new house in Washington meeting 2006 WSEC	12.52	MWh/yr
Implied average gas consumption per new house in Washington meeting 2006 WSEC	28.60	MMBtu/yr

**PROGRAM ASSUMPTIONS FOR EE/GB-3**

2012	2020/all	Units
------	----------	-------

**Action Part 1: Washington State Building Energy Code Revision**

Average Electricity and Gas Savings for New Residential and Commercial Buildings Covered by Revised Codes, Relative to 2006 WSEC	30.0%	30.0%
Ratio of substantially renovated commercial building space (also covered under codes) to new commercial building space. <i>Placeholder estimate, but consistent with that applied in the Architecture 2030 document referenced above for the United States as a whole.</i>	1.00	
Ratio of substantially renovated homes (also covered under codes) to new homes <i>Placeholder estimate, but consistent with that applied in the Architecture 2030 document referenced above for the United States as a whole.</i>	1.00	

**Action Part 2: Building Efficiency and Carbon Reduction Strategy**

**Energy Efficiency Improvements in Existing Buildings**

Average Electricity and Gas Savings Targets for Buildings Participating in Program (existing commercial and residential buildings) <i>As described in goals for Action EE/GB-3</i>	8.4%	26.0%
Date program of improvement of existing buildings "ramped up" <i>Placeholder Estimate</i>	2017	
Fraction of existing (as of 2006) commercial and residential buildings participating in program through 2030 <i>Program Goal (placeholder)</i>	75%	
Fraction of existing commercial and residential buildings participating annually after ramp-in <i>Adjusted iteratively to meet final target above. Currently MATCHES targets.</i>	4.55%/yr	
Implied commercial building floorspace included in program annually (million square feet) <i>Calculated from above.</i>	13.049	78.295 /yr
Implied number of existing homes included in program annually	20,453	122,717 /yr

**Energy Efficiency Improvements in New Buildings**

Fraction of new residential and commercial buildings participating in program through target dates 

50%
-----

 /yr  
*Program Goal (placeholder estimate)*

Date program of improvement of new buildings "ramped up" 

2017
------

  
*Placeholder Estimate*

Annual **reduction** in energy use relative to revised energy code in Part 1 for new and renovated residential and commercial buildings 

8.0%	30.0%
------	-------

  
*From EE/GB-3 goals, based on <http://www.architecture2030.org/pdfs/2030Blueprint.pdf>, [The 2030 Blueprint: Solving Climate Change Saves Billions](#), Architecture 2030, page 6.*

Ratio of substantially renovated commercial space (also covered under program) to new commercial space. 

1.00
------

  
*Placeholder estimate, but consistent with that applied in the Architecture 2030 document referenced above for the United States as a whole.*

Ratio of substantially housing (also covered under program) to new housing. 

1.00
------

  
*Placeholder estimate, but consistent with that applied in the Architecture 2030 document referenced above for the United States as a whole.*

Implied new commercial floorspace meeting EE-3 beyond-code targets annually (million square feet) 

1,973	23,374
-------	--------

 /yr  
*Calculated from above.*

Implied new residential units meeting EE-3 beyond-code targets annually 

3,168	37,541
-------	--------

 /yr  
*Calculated from above.*

**CALCULATION OF SAVINGS**

**Action Part 1: Washington State Building Energy Code Revision**

	2012	2020/all	Units
Implied total electricity savings in new and renovated commercial buildings covered by codes in each year <i>First-year savings--not cumulative.</i>	234.6	231.6	GWh/yr

Implied total gas savings in new and renovated commercial buildings covered by codes in each year <i>First-year savings--not cumulative.</i>	379.6	374.9	GBtu/yr
---	-------	-------	---------

Implied total electricity savings in new and renovated housing covered by codes in each year <i>First-year savings--not cumulative.</i>	285.7	282.1	GWh/yr
--	-------	-------	--------

Implied total gas savings in new and renovated housing covered by codes in each year <i>First-year savings--not cumulative.</i>	652.3	644.1	GBtu/yr
--	-------	-------	---------

Implied cumulative electricity savings in new and renovated commercial buildings covered by codes	234.6	2,114.2	GWh/yr
---	-------	---------	--------

Implied cumulative gas savings in new and renovated commercial buildings covered by codes	379.6	3,422.0	GBtu/yr
---	-------	---------	---------

Implied cumulative electricity savings in new and renovated housing covered by codes	285.7	2,575.0	GWh/yr
--	-------	---------	--------

Implied cumulative gas savings in new and renovated housing covered by codes	652.3	5,879.6	GBtu/yr
--	-------	---------	---------

**Action Part 2: Building Efficiency and Carbon Reduction Strategy**

**Energy Efficiency Improvements in Existing Buildings**

Implied total electricity savings in existing existing commercial buildings participating in program annually.  
*First-year savings--not cumulative.*

18.1	336.2	GWh/yr
------	-------	--------

Implied total gas savings in existing existing commercial buildings participating in program annually.  
*First-year savings--not cumulative.*

29.3	544.1	GBtu/yr
------	-------	---------

Implied total electricity savings in existing housing participating in program.  
*First-year savings--not cumulative.*

21.5	399.6	GWh/yr
------	-------	--------

Implied total gas savings in existing housing participating in program.  
*First-year savings--not cumulative.*

49.1	912.4	GBtu/yr
------	-------	---------

Implied cumulative electricity savings in existing commercial buildings participating in program

18.1	1,635.2	GWh/yr
------	---------	--------

Implied cumulative gas savings in existing commercial buildings participating in program

29.3	2,646.7	GBtu/yr
------	---------	---------

Implied cumulative electricity savings in existing housing

21.5	1,943.6	GWh/yr
------	---------	--------

Implied cumulative gas savings in existing housing

49.1	4,437.9	GBtu/yr
------	---------	---------

2012	2020/all	Units
------	----------	-------

**Energy Efficiency Improvements in New Buildings**

Implied required intensity improvement beyond revised code to EE/GB-3 targets, commercial buildings, electricity use per square foot

1.32	4.95	kWh/yr
------	------	--------

Implied required intensity improvement beyond revised code to EE/GB-3 targets, commercial buildings, gas use per square foot

2.14	8.02	kBtu/yr
------	------	---------

Average Fraction of Improvement in Electric Energy Intensities for commercial buildings from:

Energy Efficiency Improvement	90%	80%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	7%
On-site Solar PV	1%	3%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	5%
Green Power Purchase (from off-site, beyond electricity supply RPS)	5%	5%

*All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.*

Average Fraction of Improvement in Gas Energy Intensities for commercial buildings from:

Energy Efficiency Improvement	96%	92%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	5%
On-site Solar PV	0%	0%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	3%
Green Power Purchase (from off-site, beyond electricity supply RPS)	0%	0%

*All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.*

## Implied Cumulative Impacts of Action, New Commercial Building Space (Electricity savings)

Energy Efficiency Improvement	<b>2.29</b>	<b>417.70</b>	GWh
Solar Thermal Energy (hot water/space heat/space cooling)	<b>0.10</b>	<b>31.47</b>	GWh
On-site Solar PV	<b>0.04</b>	<b>13.19</b>	GWh
On-site Biomass/Biogas/Landfill Gas Energy Use	<b>0.05</b>	<b>21.29</b>	GWh
Green Power Purchase (from off-site, beyond electricity supply RPS)	<b>0.13</b>	<b>25.46</b>	GWh

## Implied Cumulative Impacts of Action, New Commercial Building Space (Natural Gas savings)

Energy Efficiency Improvement	<b>4.02</b>	<b>764.83</b>	GBtu/yr
Solar Thermal Energy (hot water/space heat/space cooling)	<b>0.14</b>	<b>37.83</b>	GBtu/yr
On-site Solar PV	-	-	GBtu/yr
On-site Biomass/Biogas/Landfill Gas Energy Use	<b>0.06</b>	<b>21.35</b>	GBtu/yr
Green Power Purchase (from off-site, beyond electricity supply RPS)	-	-	GBtu/yr

## Implied required intensity improvement to meet Architecture 2030 goals, housing, electricity use per unit

<b>1.00</b>	<b>3.76</b>	MWh/yr
-------------	-------------	--------

## Implied required intensity improvement to meet Architecture 2030 goals, housing, gas use per unit

<b>2.29</b>	<b>8.58</b>	kBtu/yr
-------------	-------------	---------

## Average Fraction of Improvement in Electric Energy Intensities for Housing from:

Energy Efficiency Improvement	90%	80%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	7%
On-site Solar PV	1%	3%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	5%
Green Power Purchase (from off-site, beyond electricity supply RPS)	5%	5%

All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.

## Average Fraction of Improvement in Gas Energy Intensities for Public Housing from:

Energy Efficiency Improvement	96%	92%
Solar Thermal Energy (hot water/space heat/space cooling)	3%	5%
On-site Solar PV	0%	0%
On-site Biomass/Biogas/Landfill Gas Energy Use	1%	3%
Green Power Purchase (from off-site, beyond electricity supply RPS)	0%	0%

All "placeholder" assumptions, except on-site biomass/biogas/landfill gas energy use calculated so that values sum to 100%.

## Implied Cumulative Impacts of Option, New Housing (Electricity savings)

Energy Efficiency Improvement	<b>2.79</b>	<b>508.73</b>	GWh
Solar Thermal Energy (hot water/space heat/space cooling)	<b>0.12</b>	<b>38.33</b>	GWh
On-site Solar PV	<b>0.04</b>	<b>16.07</b>	GWh
On-site Biomass/Biogas/Landfill Gas Energy Use	<b>0.06</b>	<b>25.93</b>	GWh
Green Power Purchase (from off-site, beyond electricity supply RPS)	<b>0.16</b>	<b>31.00</b>	GWh

## Implied Cumulative Impacts of Option, New Housing (Natural Gas savings)

Energy Efficiency Improvement	<b>6.90</b>	<b>1,314.14</b>	GBtu/yr
Solar Thermal Energy (hot water/space heat/space cooling)	<b>0.25</b>	<b>65.00</b>	GBtu/yr
On-site Solar PV	-	-	GBtu/yr
On-site Biomass/Biogas/Landfill Gas Energy Use	<b>0.10</b>	<b>36.69</b>	GBtu/yr
Green Power Purchase (from off-site, beyond electricity supply RPS)	-	-	GBtu/yr

	2012	2020/all	Units
<b>Additional Inputs to/Intermediate Results of Costs Analyses, Part 2 Beyond Code Elements</b>			
Estimated annual levelized cost of residential solar hot water per unit output <i>Based on inputs to/results of solar hot water heating analysis included in EE/GB-1A.</i>	41.19	30.60	\$/MMBtu
Estimated annual levelized cost of commercial solar hot water per unit output <i>Based on inputs to/results of solar hot water heating analysis included in EE/GB-1A.</i>	38.89	28.89	\$/MMBtu
Adjustment to solar thermal costs for inclusion of space heat/cooling measures <i>Placeholder assumption--Value of 1.0 implies that solar space heat and cooling will cost the same per unit output as solar water heating.</i>	1.00	1.00	
Implied Per Unit Cost Electricity Avoided by residential Solar WH/SH/Cooling	130.70	97.09	\$/MWh
Implied Per Unit Cost Natural Gas Avoided by residential Solar WH/SH/Cooling <i>Assumes delivered solar WH/SH/Cooling replaces electric with EF of 0.93, gas with EF of 0.70 (and therefore one MMBtu of delivered solar heat is the equivalent of more than one MMBtu of each fuel).</i>	28.83	21.42	\$/MMBtu
Implied Per Unit Cost Electricity Avoided by Solar WH/SH/Cooling (Commercial)	123.40	91.67	\$/MWh
Implied Per Unit Cost Natural Gas Avoided by Solar WH/SH/Cooling (Commercial) <i>Assumes delivered solar WH/SH/Cooling replaces electric with EF of 0.93, gas with EF of 0.70 (and therefore one MMBtu of delivered solar heat is the equivalent of more than one MMBtu of each fuel).</i>	27.22	20.22	\$/MMBtu
Estimated annual levelized cost of on-site Solar PV, Commercial <i>Based on inputs to/results of solar PV analysis included in EE/GB-1A.</i>	546	353	\$/MWh
Estimated annual levelized cost of on-site residential Solar PV <i>Based on inputs to/results of solar PV analysis included in EE/GB-1A.</i>	506	327	\$/MWh
Fuel Cost for On-site Biomass/Biogas/Landfill Gas Energy Use <i>Based on costs for Biomass fuel, which will likely dominate this category of fuel inputs. See "Common Assumptions" worksheet in this workbook. If significantly processed biomass fuels (such as pelletized fuels) are required, this cost may need to be i</i>		3.41	\$/MMBtu
Relative Efficiency of On-site Biomass/Biogas/Landfill Gas displacing electricity <i>Placeholder assumption.</i>		0.75	
Factor to reflect probable higher costs of on-site Biomass/Biogas/Landfill Gas Equipment Relative to Electric Equipment <i>Placeholder assumption--In most cases, heating/water heating equipment designed to use biomass-derived fuels will be more expensive than equipment designed to use electricity. This factor loads these incremental capital costs into estimated fuel costs.</i>		1.50	
Implied Per Unit Cost Electricity Avoided by Biomass/Biogas/Landfill Gas	23.16	23.16	\$/MWh
Incremental Cost for Green Power Purchase (from off-site, beyond supply RPS) <i>Placeholder assumption.</i>	25.00	20.00	\$/MWh

**Results of Costs Analyses, Part 1 Code Revision Elements**

	2012	2020/all	Units
Implied Annual Net Costs of Option, Code Revision Element, New and Renovated Commercial Buildings (Electricity savings)	\$ (7,963)	\$ (71,778)	\$ thousand
Implied Annual Net Costs of Option, Code Revision Element, New and Renovated Commercial Buildings (Gas savings)	\$ (396)	\$ (3,565)	\$ thousand
Implied Annual Net Costs of Option, Code Revision Element, New and Renovated Residential Buildings (Electricity savings)	\$ (9,698)	\$ (87,420)	\$ thousand
Implied Annual Net Costs of Option, Code Revision Element, New and Renovated Residential Buildings (Gas savings)	\$ (680)	\$ (6,126)	\$ thousand

**Results of Costs Analyses, Part 2 Beyond Code Elements**

Implied Annual Net Costs of Option, Beyond Code Elements, Existing Commercial Buildings (Electricity savings) 

\$ (615)	\$ (55,515)
----------	-------------

 \$ thousand

Implied Annual Net Costs of Option, Beyond Code Elements, Existing Commercial Buildings (Gas savings) 

\$ (31)	\$ (2,757)
---------	------------

 \$ thousand

Implied Annual Net Costs of Option, Existing Housing (Electricity savings) 

\$ (730)	\$ (65,983)
----------	-------------

 \$ thousand

Implied Annual Net Costs of Option, Existing Housing (Gas savings) 

\$ (51)	\$ (4,623)
---------	------------

 \$ thousand

Implied Annual Net Costs of Action, New Commercial Buildings (Electricity savings)

Energy Efficiency Improvement	\$ (78)	\$ (14,181)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 6	\$ 956	\$ thousand
On-site Solar PV	\$ 17	\$ 4,278	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (2)	\$ (915)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ 3	\$ 542	\$ thousand

Implied Annual Net Costs of Action, New Commercial Buildings (Gas savings)

Energy Efficiency Improvement	\$ (4)	\$ (797)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 3	\$ 519	\$ thousand
On-site Solar PV	\$ -	\$ -	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (0)	\$ (90)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ -	\$ -	\$ thousand

Implied Annual Net Costs of Action, New Housing (Electricity savings)

Energy Efficiency Improvement	\$ (95)	\$ (17,271)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 7	\$ 1,164	\$ thousand
On-site Solar PV	\$ 21	\$ 5,210	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (2)	\$ (1,114)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ 4	\$ 660	\$ thousand

Implied Annual Net Costs of Action, New Housing (Gas savings)

Energy Efficiency Improvement	\$ (7)	\$ (1,369)	\$ thousand
Solar Thermal Energy (hot water/space heat/space cooling)	\$ 5	\$ 891	\$ thousand
On-site Solar PV	\$ -	\$ -	\$ thousand
On-site Biomass/Biogas/Landfill Gas Energy Use	\$ (0)	\$ (155)	\$ thousand
Green Power Purchase (from off-site, beyond electricity supply RPS)	\$ -	\$ -	\$ thousand

<b>Results</b>	<b>2012</b>	<b>2020</b>	<b>Units</b>
<b>Electricity (Conventional)</b>			
Reduction in Electricity Sales: Residential Sector	310	5,139	GWh (sales)
Reduction in Electricity Sales: Commercial Sector	255	4,259	GWh (sales)
TOTAL Reduction in Electricity Sales	566	9,397	GWh (sales)
Reduction in Generation Requirements	610	10,108	GWh (generation)
GHG Emission Savings	<b>0.30</b>	<b>5.05</b>	MMtCO <sub>2</sub> e
<b>Economic Analysis</b>			
Net Present Value (2008-2020)		<b>-\$763</b>	\$million
Cumulative Emissions Reductions (2008-2020)		21.1	MMtCO <sub>2</sub> e
Cost-Effectiveness		<b>-\$36.21</b>	\$/tCO <sub>2</sub> e
<b>Natural Gas</b>			
Reduction in Gas Use: Residential Sector	709	11,733	Billion BTU
Reduction in Gas Use: Commercial Sector	63	4,015	Billion BTU
TOTAL Reduction in Gas Use	771	15,748	Billion BTU
GHG Emission Savings	<b>0.04</b>	<b>0.83</b>	MMtCO <sub>2</sub> e
<b>Economic Analysis</b>			
Net Present Value (2008-2020)		<b>-\$46</b>	\$million
Cumulative Emissions Reductions (2008-2020)		3.3	MMtCO <sub>2</sub> e
Cost-Effectiveness		<b>-\$13.73</b>	\$/tCO <sub>2</sub> e
<b>Biomass/Biogas/Landfill Gas Fuel Use</b>			
Added GHG Emissions from Biomass Fuels Use	<b>0.00000</b>	<b>0.00068</b>	MMtCO <sub>2</sub> e
Cumulative added Emissions from Biomass Fuels (2007-2020)		0.0019	MMtCO <sub>2</sub> e
<b>Summary Results for EE/GB-3</b>			
<b>Total for Option (Natural gas and Electricity less Biomass)</b>			
GHG Emission Savings	<b>0.35</b>	<b>5.89</b>	MMtCO <sub>2</sub> e
Net Present Value (2008-2020)		<b>-\$809.2</b>	\$million
Cumulative Emissions Reductions (2008-2020)		24.4	MMtCO <sub>2</sub> e
Cost-Effectiveness		<b>-\$33.13</b>	\$/tCO <sub>2</sub> e
<b>Additional Summary Results for EE/GB-3 for Reporting</b>			
Total Green Power Purchased Under EE/GB-3	0	56	GWh (sales)
Total Green Power Generation to Serve EE/GB-3	0	61	GWh (generation)
GHG Emission Savings from Green Power Component	<b>0.0002</b>	<b>0.0305</b>	MMtCO <sub>2</sub> e
Net Present Value (2008-2020) of Green Power component of EE/GB-3		<b>\$2.1</b>	\$million
Total Renewable Electricity Under EE/GB-3	0	29	GWh (at consumer site)
Total Reduction in Conventional Generation due to Renewable Electricity Under EE/GB-3 (displacement from Solar PV)	0	32	GWh (equivalent at central generator)
GHG Emission Savings from renewable electricity component	<b>0.0000</b>	<b>0.0151</b>	MMtCO <sub>2</sub> e
Net Present Value (2008-2020) of renewable electricity component of EE/GB-3		<b>\$16.2</b>	\$million

**NOTES AND DATA FROM SOURCES****Note 1:**

From The Energy Efficiency Task Force Report to the Clean and Diversified Energy Advisory Committee of the Western Governors Association.

The Potential for More Efficient Electricity Use in the Western United States, January, 2006. This report is referred to here as the "WGA CDEAC EE report" and can be found at:

<http://www.westgov.org/wga/initiatives/cdeac/Energy%20Efficiency-full.pdf>.

The CDEAC report provides a cost of saved energy (electricity)

based on an average 7-year payback for code improvements (page 42). This is likely to be a lower bound for the cost of green building practices that yield a 50 percent improvement over existing buildings, but is used as a starting point for this analysis.

For Washington, the equivalent cost is estimated as follows for electricity and natural gas

payback	7	years, from CDEAC report
lifespan	25	years, conservative assumption
elec price	\$65	\$/MWh (weighted average levelized cost of residential and commercial electricity prices in WA--See Common Factors worksheet).
NG price	\$13.25	\$/MMBtu (weighted average levelized cost of residential and commercial natural gas prices in WA--See Common Factors worksheet).

Electricity levelized cost	\$32.176	\$/MWh
Natural Gas levelized cost	\$6.583	\$/MMBTU

**Note 2:**

Based on results from Table B.5 of the 2003 Commercial Buildings Energy Consumption Survey, Detailed Tables dated October 2006 and published by the US Department of Energy's Energy Information Administration, and available as [http://www.eia.doe.gov/emeu/cbecs/cbecs2003/detailed\\_tables\\_2003/pdf2003/alltables.pdf](http://www.eia.doe.gov/emeu/cbecs/cbecs2003/detailed_tables_2003/pdf2003/alltables.pdf), as described in "WA\_Activities\_Est" worksheet in this workbook.

Following data on electricity sales in Washington as of 2005 as described in "Utility\_Sales" worksheet in this workbook. Downloaded from [http://www.eia.doe.gov/cneaf/electricity/epa/epa\\_sprdshts.html](http://www.eia.doe.gov/cneaf/electricity/epa/epa_sprdshts.html) (file sales\_revenue.xls)

	MWh	Fraction of Total
Residential	33,212,197	40%
Commercial	28,099,583	34%
Industrial	22,111,773	27%
Total	83,423,553	100%

For natural gas use in Washington, consumption data are from the USDOE EIA downloaded from [http://www.eia.doe.gov/oil\\_gas/natural\\_gas/applications/eia176query.html](http://www.eia.doe.gov/oil_gas/natural_gas/applications/eia176query.html) are as follows:  
(See "EIA\_NG\_Data" worksheet in this workbook for raw EIA data)

	Sales (Million Cubic Feet of Natural Gas)			
	Residential	Commercial	Industrial	Total
2005	73,626	44,155	10,565	128,347
Fraction of 2005	57%	34%	8%	100%