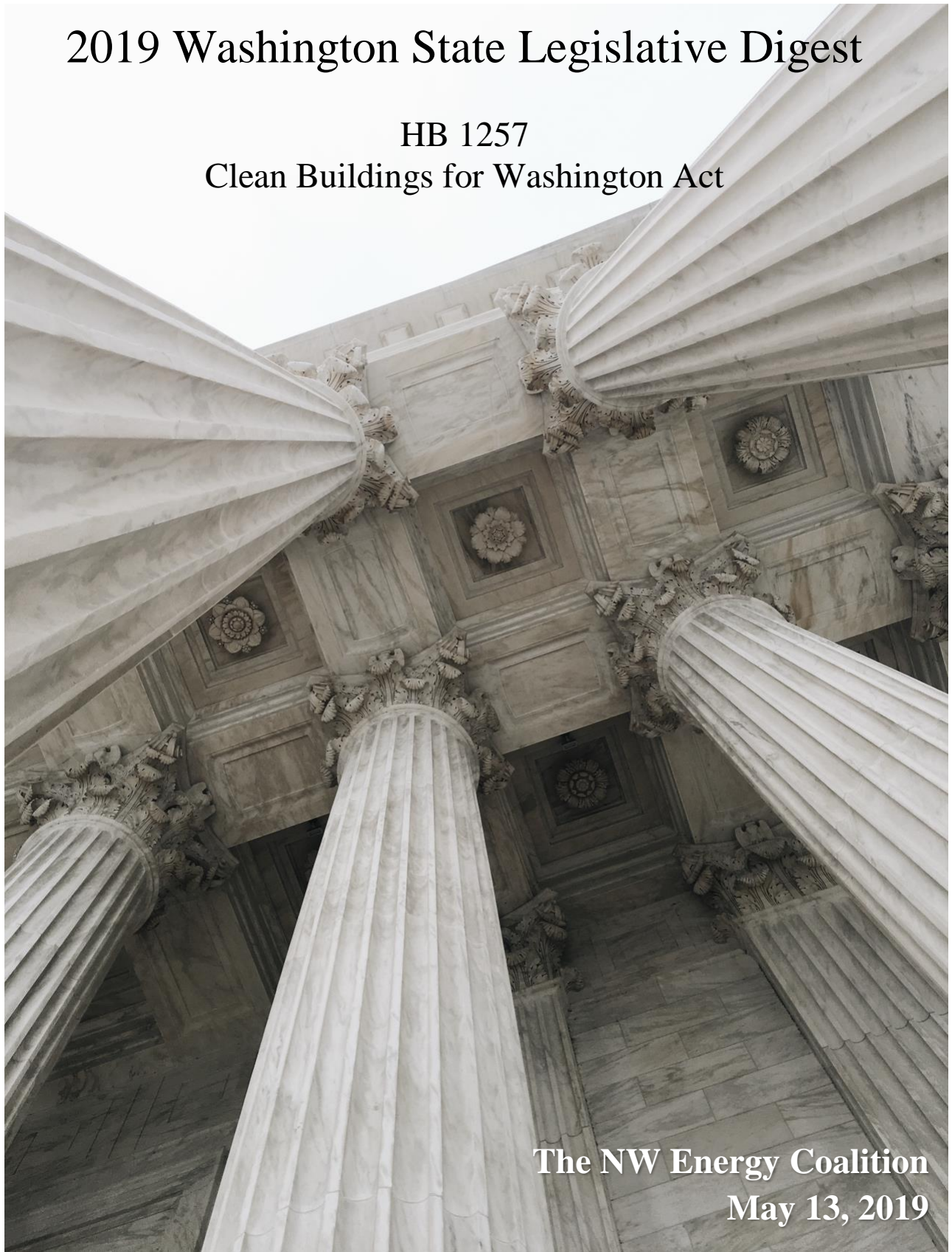


2019 Washington State Legislative Digest

HB 1257 Clean Buildings for Washington Act



The NW Energy Coalition
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NW Energy Coalition
for a clean and affordable energy future

Contact: Amy Wheelless, amy@nwenergy.org

HB 1257: Clean Buildings for Washington Act

HB 1257 comprehensively addresses building energy use in Washington. Buildings produce 27% of Washington's greenhouse gas emissions – our second largest source of emissions.

Key provisions of the bill:

Large Commercial Building Energy Performance Standard and Incentives

- Directs the Washington State Department of Commerce to develop, by November 2020, energy performance standards for large commercial buildings over 50,000 square feet. Standards must be met by buildings greater than 200,00 sq. ft. by June 1, 2026; by those greater than 90,000 sq. ft. by June 1, 2027; and by those greater than 50,000 sq. ft. by June 1, 2028 (Section 3).
 - In developing the energy performance standards (EPS or standards), the department “shall seek to maximize reductions of greenhouse gas emissions from the building sector.”
 - The standard must include energy use intensity (EUI) targets by building type and methods of “conditional compliance”.
 - The Department shall use the ANSI/AHRAE/IES 100-2018 as the initial model for standard development, but can bring in other materials and background in developing the standard and must identify what that information is when setting the standard.
 - The standard must be updated by July 1, 2029 and every five year thereafter.
 - The targets developed for the standard:
 - Must be no greater than the average EUI for the covered commercial building occupancy type, with adjustments for unique energy using features.
 - Must consider regional and local energy use data, including benchmarking information.
 - Must be developed for two or more climate zones and be representative of energy use in a normal weather year.
 - May be lower for more recently built buildings, based on the state energy code in place when the buildings were constructed.
 - The Department must adopt a conditional compliance method that ensures that covered commercial buildings that do not meet the above targets are taking action to achieve reduction in energy use.
 - This method must include investment criteria that require a building owner adopt an implementation plan to meet the target or implement a bundle of energy efficiency measures that provides maximum energy savings without resulting in a savings-to-investment ratio of less than 1.0. The implementation plan must be based on an energy audit and a life cycle cost analysis covering the period during which the measures will provide savings. The implementation plan may exclude measures that do not pay for themselves over the useful life of the measure. The implementation plan may include phased implementation of measures.
 - For buildings that are designated historic by some local, state, or national authority, no individual energy efficiency measure are required that would compromise the historical integrity or part of the building.
 - The Department must create a database of covered buildings and building owners, based on county assessor data and other sources of information. By July 1, 2021, the department must notify owners of covered buildings of the standard and compliance requirements.

- The Department must provide a customer support program to building owners that includes outreach and information material, training, and phone and email support.
 - Building owners must report on compliance with the standard by the deadline and then every five years.
 - Exemptions include agricultural buildings, manufacturing buildings, non-occupied or low occupied buildings, or buildings experiencing financial hardship, such as being in property tax arrears or having no or little occupancy.
 - The Department may impose an administrative penalty for noncompliance, not to exceed \$5,000 plus up to \$1 per year per gross square foot of floor area, which can be adjusted for inflation. Penalties collected under this section are directed toward low-income weatherization and structural rehabilitation assistance.
- Directs the Department of Commerce to develop an early adoption incentive program for building owners to meet the energy performance standards. (Section 4-8). Incentives are \$0.85 per gross square foot of floor area, excluding parking, unconditioned, and semiconditioned space. The cap on total incentives is \$75 million.
 - Incentives are available to building owners covered under Section 3 or multifamily residential buildings (greater than 50,000 sq. ft.) and whose baseline EUI exceeds its applicable EUI target by at least 15 EUI units, and at least one electric utility, gas company, or thermal energy company providing service to the building is participating in the incentive program.
 - Incentives are available for early adoption up until 1 year before the standard is required for the building.
 - Each qualifying utility (those serving more than 25,000 electric customers) must administer incentive payments. Other utilities may voluntarily participate. A utility provides the eligible incentive to the building owner and correspondingly reduces its public utility tax obligation. When a building is served by more than one utility, incentive payments must be proportional to the EUI reduction of the different fuels.
- Updates the benchmarking data requirements for utilities. (Section 10)

Gas Utility Standards

- By 2022, natural gas utilities must identify and acquire all conservation that is available and cost-effective, with that calculation of cost-effectiveness including a social cost of carbon at the 2.5% discount rate. (Section 11 and 15)
- A natural gas utility may propose a renewable natural gas program to supply renewable natural gas to its customers, subject to review and approval by the Utilities and Transportation Commission (UTC). The customer charge for renewable natural gas may not exceed 5% of the amount charged to retail customers for natural gas. (Section 13)
- Each gas utility must offer a voluntary renewable natural gas service tariff, subject to the availability of renewable natural gas. (Section 14)
- The UTC must monitor the greenhouse gas emissions from natural gas and renewable natural gas delivered by gas utilities. The UTC must report to the governor by January 1, 2020 and every three years after, an assessment of whether gas utilities are on track to meet their proportionate share of the state's greenhouse gas emissions goals.

Building Code Updates

- Currently, the energy code for the state is updated every three years and is directed by past legislation to reduce energy use in new buildings by 70% in 2031 compared to 2006 buildings. This legislation changes how new measures or requirements are assessed in code changes from needing to be “cost-effective” to being “developed to yield the lowest cost to the building owner and occupant while meeting the energy reduction goals...” (Section 17)
- Directs the State Building Code Council to develop rules, by July 1, 2021, that require electric vehicle charging capability at all new buildings that provide on-site parking.
 - When parking is provided, the greater of one parking space or 10 percent of spaces, must be provided with wiring or raceway sized to accommodate 208/240 V 40-amp or equivalent (“Level 2”) EV charging.
 - Electrical rooms serving buildings with on-site parking must be sized to service a minimum of 20% of the spaces with Level 2 charging in the future.
 - Buildings classified as assembly, education, or mercantile only need to meet these requirements for employee parking spaces.

Implementation

The rulemaking associated with this bill will be extensive and will begin in summer of 2019 with the Department of Commerce. In particular, the provisions related to the large commercial building energy performance standard leave much of the details of the standard itself to the rulemaking process. The Coalition will be involved extensively and will engage with Coalition partners to provide technical data, support, and advocacy for strong energy performance standards. Some key questions associated with this rulemaking will be:

- What building classifications are appropriate?
- What is an appropriate EUI target for different building types?
- What does it mean to be “conditionally compliant”?
- Will there be any further guidance on how incentives are distributed?
- How will the technical assistance and incentives interact with existing utility efficiency incentive programs?

The gas standards rulemaking will take place at the Utilities and Transportation Commission, likely to kick off in late 2019 or 2020. The Coalition will be engaged in this rulemaking to ensure that the rules are strong to acquire all cost-effective conservation and responsible procurement of renewable natural gas.

The building code updates will take place in the State Building Code Council, and the Coalition will monitor these processes to ensure that they are implemented as the law intended.