
SENATE BILL 5649

State of Washington

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By Senators Rockefeller, Hobbs, Pridemore, Kohl-Welles, Keiser, Fraser, Sheldon, Shin, McAuliffe, Kline, and Oemig

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1 AN ACT Relating to achieving greater energy efficiency in
2 buildings; amending RCW 70.164.020, 70.164.040, 70.164.050, 70.164.060,
3 19.285.040, 35.92.360, 54.16.280, 36.94.460, 43.19.675, 43.19.680, and
4 43.41.170; adding a new section to chapter 70.164 RCW; adding a new
5 section to chapter 35.92 RCW; adding a new section to chapter 43.185
6 RCW; adding a new chapter to Title 70 RCW; creating new sections; and
7 declaring an emergency.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

9 NEW SECTION. **Sec. 1.** FINDINGS. (1) The legislature finds that
10 improving energy efficiency in structures is one of the most cost-
11 effective means to meet energy requirements, and that while there have
12 been significant efficiency savings achieved in the state over the past
13 quarter century, there remains enormous potential to achieve even
14 greater savings. Increased weatherization and more extensive
15 efficiency improvements in residential and commercial buildings
16 achieves many benefits, including reducing energy bills, avoiding the
17 construction of new electricity generating facilities with associated
18 climate change impacts, and creation of family-wage jobs in performing
19 energy audits and improvements.

1 (2) It is the intent of the legislature that financial and
2 technical assistance programs be expanded to direct state and federal
3 funds, as well as electric and natural gas utility funding, toward
4 greater achievement of energy efficiency improvements. To this end,
5 the legislature establishes a policy goal of assisting in weatherizing
6 twenty thousand homes and businesses in the state in each of the next
7 five years. The legislature also intends to attain this goal in part
8 through supporting programs that rely on community organizations and
9 that there be maximum family-wage job creation in fields related to
10 energy efficiency.

11 **PART 1**

12 **Energy Efficiency Improvement Program**

13 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this
14 section apply throughout this chapter unless the context clearly
15 requires otherwise.

16 (1) "Account" means the energy efficiency assistance account
17 created in section 107 of this act.

18 (2) "Board" means the state board for community and technical
19 colleges.

20 (3) "Director" means the director of the energy efficiency
21 assistance program created in section 102 of this act.

22 (4) "Customers" means residents, businesses, and building owners.

23 (5) "Direct outreach" means:

24 (a) The use of door-to-door contact, community events, and other
25 methods of direct interaction with customers to inform them of energy
26 efficiency and weatherization opportunities; and

27 (b) The performance of energy audits.

28 (6) "Energy audit" means an assessment of building energy
29 efficiency opportunities, from measures that require very little
30 investment and without any disruption to building operation, normally
31 involving general building operational measures, to low or relatively
32 higher cost investment, such as installing timers to turn off
33 equipment, replacing light bulbs, installing variable speed drives,
34 replacing equipment with higher efficiency equipment, and similar
35 measures. The term includes an assessment of alternatives for

1 generation of heat and power from renewable energy resources, including
2 installation of solar hot water heating and equipment for photovoltaic
3 electricity generation.

4 (7) "Energy efficiency services" means weatherization, energy
5 efficiency retrofits, and other activities to reduce a customer's
6 energy consumption, and includes assistance with paperwork, arranging
7 for financing, and other post-energy audit assistance and education to
8 help customers meet their energy savings goals.

9 (8) "President" means the president of Washington State University.

10 (9) "Program" means the energy efficiency assistance program
11 created in section 102 of this act.

12 (10) "Sponsor" means any entity or group of entities that submits
13 a proposal under section 103 of this act, including but not limited to
14 any nongovernmental nonprofit organization, local community action
15 agency, community service agency, public service company, county,
16 municipality, publicly owned electric, or natural gas utility.

17 (11) "Sponsor match" means the share, if any, of the cost of
18 efficiency improvements to be paid by the sponsor.

19 (12) "University" means Washington State University.

20 (13) "Weatherization" means making energy and resource conservation
21 and energy efficiency improvements.

22 NEW SECTION. **Sec. 102.** ENERGY EFFICIENCY ASSISTANCE PROGRAM

23 CREATED. (1) The energy efficiency assistance program is created
24 within the energy program of Washington State University. The program
25 must be managed by a director appointed by the president. The director
26 must:

27 (a) Establish a process to award grants on a competitive basis
28 using funds from the account.

29 (i) Grants must be used to either:

30 (A) Conduct direct outreach;

31 (B) Deliver energy efficiency services; or

32 (C) Both conduct direct outreach and deliver energy efficiency
33 services.

34 (ii) Grants must be targeted to residential structures occupied by
35 households that are not eligible for weatherization assistance under
36 chapter 70.164 RCW and to commercial structures whose owners have

1 reported on average less than one million dollars of gross revenue
2 annually in the preceding five years;

3 (iii) Grants must be matched, in amounts determined by the
4 director, by resources provided by the sponsor;

5 (b) Provide technical assistance:

6 (i) To grant recipients in carrying out their obligations to
7 conduct direct outreach and deliver energy efficiency services; and

8 (ii) For farm energy assessment activities as specified in section
9 106 of this act;

10 (c) Cooperate and coordinate with the department of community,
11 trade, and economic development and those entities providing energy
12 audit and efficiency improvements training to maximize the assistance
13 provided in the program and encourage:

14 (i) The use of service delivery models by grant recipients that
15 have proven effective in existing programs; and

16 (ii) The development of geographic information about direct
17 outreach to be shared between grant recipients and low-income
18 weatherization providers to minimize duplication in targeting
19 customers;

20 (d)(i) Distribute a minimum of sixty percent of program funding as
21 grants, at least seventy-five percent of which must be for direct
22 outreach activities; (ii) distribute a minimum of twenty percent of
23 program funding as training resource moneys as specified in section 401
24 of this act; and (iii) distribute a minimum of ten percent of program
25 funding for technical assistance;

26 (e) Retain a maximum of ten percent of program funds for program
27 administration and the administrative overhead of the university.

28 (2) The director shall adopt guidelines addressing best practices
29 for direct outreach and energy efficiency services.

30 NEW SECTION. **Sec. 103.** GRANTS AUTHORIZED. The director shall
31 solicit grant applications from sponsors. The director may provide
32 grants that fully or partially fund a sponsor's proposal. The director
33 shall require the following in the grant application:

34 (1) Information on:

35 (a) The amount and sources of funding for the sponsor match. A
36 sponsor may use its own moneys, including corporate or ratepayer
37 moneys, or moneys provided by landlords, charitable groups, government

1 programs, the Bonneville power administration, or other sources to pay
2 the sponsor match. The director may permit a sponsor to meet its match
3 requirement in whole or in part through providing labor, materials, or
4 other in-kind expenditures;

5 (b) The amount requested from the account;

6 (c) The entities participating as sponsors and any entities that
7 will provide administrative support, direct outreach, energy efficiency
8 services, or financing assistance; and

9 (d) Any other information required by the director;

10 (2) A demonstration of effective fiscal accountability measures;

11 (3) Performance measures by which to assess the monetary and energy
12 savings of proposed efficiency projects following project completion;

13 (4) A work plan detailing the means and methods by which the
14 sponsor will carry out the required direct outreach or energy
15 efficiency services;

16 (5) Convincing evidence that a sponsor providing energy efficiency
17 services will be capable of helping customers achieve a savings-to-
18 investment ratio of at least one over a payback period of ten years or
19 less;

20 (6) Convincing evidence of a sponsor's capacity to create or
21 maintain living-wage jobs located within the geographic area reached by
22 the sponsor's proposal; and

23 (7) Convincing evidence that the sponsor will be able to
24 efficiently and expeditiously provide direct outreach or energy
25 efficiency services, including details on the sponsor's proposed hiring
26 practices, means of oversight of employees or contractors, and the use
27 of quality control measures.

28 NEW SECTION. **Sec. 104.** EXPEDITED GRANTS IN 2009. (1) The
29 legislature finds that conducting energy audits and performing
30 efficiency improvements in residences and commercial structures creates
31 family-wage jobs and will stimulate local economies where this work is
32 conducted. Therefore, the legislature directs that where
33 appropriations are made from the account specifically for the purpose
34 of expedited grants, the director shall accord priority to making such
35 grants over all other duties in the program. The director shall award
36 at least fifty percent of such funds appropriated for expedited grants
37 by July 15, 2009, and the remainder of the funds by September 30, 2009.

1 (2) By November 1, 2009, the director shall report to the
2 appropriate fiscal and policy committees in the senate and house of
3 representatives on the status of grant awards under this section. The
4 report may be combined with that made by the department of community,
5 trade, and economic development under section 206 of this act.

6 NEW SECTION. **Sec. 105.** PILOT GRANTS FOR COMMUNITY-WIDE URBAN
7 RESIDENTIAL AND COMMERCIAL EFFICIENCY UPGRADES. (1) The legislature
8 finds that comprehensive energy efficiency retrofits in the residential
9 and smaller commercial markets are significantly underutilized due in
10 part to the complex set of decisions that property owners are faced
11 with in securing an energy audit and then arranging the financing and
12 contractor to perform the retrofit work. While these retrofits have
13 previously been viewed as primarily benefiting the property owner with
14 energy cost savings, the additional benefits of the avoided costs of
15 new generation and the environmental and climate benefits of reduced
16 carbon emissions call for new ways of reaching residential and business
17 building owners to deliver energy efficiency services. Therefore, the
18 purpose of this section is to encourage programs that will combine
19 utility, government, and private investments in residential and
20 commercial building energy efficiency upgrades, with a community-based
21 outreach component to overcome the hurdles that property owners face in
22 considering these upgrades.

23 (2) The director shall award not less than three grants for
24 programs that:

25 (a) Provide assistance for energy audits and improvements to both
26 residential and commercial structures in specified urban neighborhoods
27 where the objective is to achieve a high rate of participation among
28 building owners within the pilot area;

29 (b) Utilize volunteer support to reach out to potential customers
30 through the use of community-based institutions;

31 (c) Employ certified energy auditors to perform the energy audits
32 using recognized retrofit measures that are cost-effective;

33 (d) Select and provide oversight of contractors to perform retrofit
34 work. The contractors must agree to participate in quality control and
35 efficiency training, pay prevailing wages, meet minimum apprentice
36 utilization standards, and hire from the community in which the program
37 is located;

1 (e) Work with customers to secure financing for their portion of
2 the project and apply for and administer utility, public, and
3 charitable funding provided for energy audits and retrofits; and

4 (f) Commit to a sponsor match of at least two dollars for each
5 dollar awarded.

6 NEW SECTION. **Sec. 106.** FARM ENERGY ASSESSMENTS. (1) The
7 legislature finds that increasing energy costs put farm viability and
8 competitiveness at risk and that energy efficiency improvements on the
9 farm are the most cost-effective way to manage these costs. The
10 legislature further finds that current on-farm energy efficiency
11 programs often miss opportunities to evaluate and conserve all types of
12 energy, including fuels and fertilizers.

13 (2) The director shall form an interdisciplinary team of
14 agricultural and energy extension agencies to develop and offer new
15 methods to help agricultural producers assess their opportunities to
16 increase energy efficiency in all aspects of their operations. The
17 interdisciplinary team must develop and deploy:

18 (a) Online energy self-assessment software tools to allow
19 agricultural producers to assess whole-farm energy use and to identify
20 the most cost-effective efficiency opportunities;

21 (b) Energy auditor training curricula specific to the agricultural
22 sector and designed for use by agricultural producers, conservation
23 districts, agricultural extensions, and commodity groups;

24 (c) An effective infrastructure of trained energy auditors
25 available to assist agricultural producers with on-farm energy audits
26 and identify cost-share assistance for efficiency improvements; and

27 (d) Measurement systems for cost savings, energy savings, and
28 carbon emission reduction benefits resulting from efficiency
29 improvements identified by the interdisciplinary team.

30 (3) The director shall seek to obtain additional resources for this
31 section from federal and state agricultural assistance programs and
32 from other sources.

33 NEW SECTION. **Sec. 107.** ACCOUNT CREATED. The energy efficiency
34 assistance account is created in the state treasury. All receipts from
35 appropriations and all federal funds received for the purpose of
36 assisting with energy efficiency assessments or audits and

1 improvements, which are not directed to the low-income weatherization
2 program under chapter 70.164 RCW under federal limitations to low-
3 income weatherization assistance, must be deposited in the account.
4 The funds, gifts, grants, and endowments from public or private
5 sources, in trust or otherwise, may be directed into the account. Any
6 moneys received from sponsor match payments must be deposited in the
7 account. Moneys in the account may be spent only after appropriation.
8 Expenditures from the account may be used only for the purposes of this
9 chapter.

10 NEW SECTION. **Sec. 108.** CONTRIBUTIONS TO THE ACCOUNT. Payments to
11 the account must be treated, for purposes of state law, as payments for
12 energy conservation and are eligible for any tax credits or deductions,
13 equity returns, or other benefits for which conservation investments
14 are eligible.

15 **PART 2**

16 **Expansion of Low-Income Weatherization Programs**

17 **Sec. 201.** RCW 70.164.020 and 1995 c 399 s 199 are each amended to
18 read as follows:

19 ~~((Unless the context clearly requires otherwise,))~~ The definitions
20 in this section apply throughout this chapter unless the context
21 clearly requires otherwise.

22 (1) "Department" means the department of community, trade, and
23 economic development.

24 (2) "Energy ~~((assessment))~~ audit" means an analysis of a dwelling
25 unit to determine the need for cost-effective energy conservation
26 measures as determined by the department.

27 (3) "Household" means an individual or group of individuals living
28 in a dwelling unit as defined by the department.

29 (4) "Low income" means household income ~~((that is at or below one~~
30 ~~hundred twenty five percent of the federally established poverty~~
31 ~~level))~~ as defined by the department.

32 (5) "Nonutility sponsor" means any sponsor other than a public
33 service company, municipality, public utility district, mutual or
34 cooperative, furnishing gas or electricity used to heat low-income
35 residences.

1 (6) "Residence" means a dwelling unit as defined by the department.

2 (7) "Sponsor" means any entity that submits a proposal under RCW
3 70.164.040, including but not limited to any local community action
4 agency, tribal nation, community service agency, or any other
5 participating agency or any public service company, municipality,
6 public utility district, mutual or cooperative, or any combination of
7 such entities that jointly submits a proposal.

8 (8) "Sponsor match" means the share(~~(, if any,)~~) of the cost of
9 weatherization to be paid by the sponsor.

10 (9) "Sustainable residential weatherization" or "weatherization"
11 means (~~(materials or measures, and their installation, that are used to~~
12 ~~improve the thermal efficiency of a residence)~~) using moneys
13 administered by the department to preserve a dwelling unit occupied by
14 a low-income household for activities and materials that result in
15 energy and resource conservation and energy efficiency improvements;
16 repair, indoor air quality, and health and safety investments; and
17 client education. To the extent feasible, moneys must be used to
18 support and advance sustainable technologies.

19 (10) "Weatherizing agency" means any approved department grantee,
20 tribal nation, or any public service company, municipality, public
21 utility district, mutual or cooperative, or other entity that bears the
22 responsibility for ensuring the performance of weatherization of
23 residences under this chapter and has been approved by the department.

24 **Sec. 202.** RCW 70.164.040 and 1987 c 36 s 4 are each amended to
25 read as follows:

26 (1) The department shall solicit proposals for low-income
27 weatherization programs from potential sponsors. A proposal shall
28 state the amount of the sponsor match, the amount requested (~~(from the~~
29 ~~low-income weatherization assistance account)~~), the name of the
30 weatherizing agency, and any other information required by the
31 department.

32 (2)(a) A sponsor may use its own moneys, including corporate or
33 ratepayer moneys, or moneys provided by landlords, charitable groups,
34 government programs, the Bonneville power administration, or other
35 sources to pay the sponsor match.

36 (b) Moneys provided by a sponsor pursuant to requirements in this

1 section shall be in addition to and shall not supplant any funding for
2 low-income weatherization that would otherwise have been provided by
3 the sponsor or any other entity enumerated in (a) of this subsection.

4 (c) No proposal may require any contribution as a condition of
5 weatherization from any household whose residence is weatherized under
6 the proposal.

7 (d) Proposals shall provide that full levels of all cost-effective,
8 structurally feasible, sustainable residential weatherization
9 materials, measures, and practices, as determined by the department,
10 shall be installed when a low-income residence is weatherized.

11 (3)(a) The department may in its discretion accept, accept in part,
12 or reject proposals submitted. The department shall allocate funds
13 appropriated from the low-income weatherization assistance account
14 among proposals accepted or accepted in part so as to:

15 (i) Achieve the greatest possible expected monetary and energy
16 savings by low-income households and other energy consumers ((and))
17 over the longest period of time;

18 (ii) Identify and correct, to the extent practical, health and
19 safety problems for residents of low-income households; and

20 (iii) Leverage, to the extent feasible, environmentally friendly
21 sustainable technologies, practices, and designs.

22 (b) The department shall, to the extent feasible, ensure a balance
23 of participation in proportion to population among low-income
24 households for: ((+a)) (i) Geographic regions in the state; ((+b))
25 (ii) types of fuel used for heating, except that the department shall
26 encourage the use of energy efficient sustainable technologies; ((+c))
27 (iii) owner-occupied and rental residences; and ((+d)) (iv) single-
28 family and multifamily dwellings.

29 (c) The department may allocate funds to a nonutility sponsor
30 without requiring a sponsor match if the department determines that
31 such an allocation is necessary to provide the greatest benefits to
32 low-income residents of the state.

33 (4)(a) A sponsor may elect to: (i) Pay a sponsor match as a lump
34 sum at the time of weatherization, or (ii) make yearly payments to the
35 low-income weatherization assistance account over a period not to
36 exceed ten years. If a sponsor elects to make yearly payments, the
37 value of the payments shall not be less than the value of the lump sum
38 payment that would have been made under (a)(i) of this subsection.

1 (b) The department may permit a sponsor to meet its match
2 requirement in whole or in part through providing labor, materials, or
3 other in-kind expenditures.

4 (5) The department shall adopt rules to carry out this section.

5 **Sec. 203.** RCW 70.164.050 and 1987 c 36 s 5 are each amended to
6 read as follows:

7 (1) The department is responsible for ensuring that sponsors and
8 weatherizing agencies comply with the state laws, the department's
9 rules, and the sponsor's proposal in carrying out proposals.

10 (2) Before a residence is weatherized, the department shall require
11 that an energy (~~(assessment)~~) audit be conducted.

12 (3) To the extent possible, the department shall maximize available
13 federal funding for weatherization projects.

14 **Sec. 204.** RCW 70.164.060 and 1987 c 36 s 6 are each amended to
15 read as follows:

16 Before a leased or rented residence is weatherized, written
17 permission shall be obtained from the owner of the residence for the
18 weatherization. The department shall adopt rules to ensure that: (1)
19 The benefits of weatherization assistance (~~(in connection with a leased~~
20 ~~or rented residence)~~), including utility bill reduction and
21 preservation of affordable housing stock, accrue primarily to low-
22 income tenants occupying a leased or rented residence; (2) as a result
23 of weatherization provided under this chapter, the rent on the
24 residence is not increased and the tenant is not evicted; and (3) as a
25 result of weatherization provided under this chapter, no undue or
26 excessive enhancement occurs in the value of the residence. This
27 section is in the public interest and any violation by a landlord of
28 the rules adopted under this section shall be an act in trade or
29 commerce violating chapter 19.86 RCW, the consumer protection act.

30 NEW SECTION. **Sec. 205.** A new section is added to chapter 70.164
31 RCW to read as follows:

32 The department shall coordinate with the Washington State
33 University energy efficiency assistance program created in section 102
34 of this act in order to maximize the extension of weatherization
35 assistance across low-income and middle-income households. The

1 department may solicit proposals for low and middle-income
2 weatherization projects, if providing funding specifically for
3 additional projects. The department shall determine a priority ranking
4 system for determining the order of preference for projects for low and
5 middle-income households. In determining the ranking, the department
6 must give first priority to low-income households that are at or below
7 eighty percent of the state area median income.

8 NEW SECTION. **Sec. 206.** EXPEDITED LOW-INCOME HOUSEHOLD ENERGY
9 AUDIT PROGRAM GRANTS IN 2009. (1) The legislature finds that
10 conducting energy audits and performing efficiency improvements in low-
11 income households creates family-wage jobs and will stimulate local
12 economies where this work is conducted. Therefore, the legislature
13 directs that where appropriations are made from the low-income
14 weatherization assistance account created in RCW 70.164.030
15 specifically for the purpose of expedited grants, the department of
16 community, trade, and economic development shall accord priority to
17 making such grants over all other duties. The department of community,
18 trade, and economic development shall award at least fifty percent of
19 the money by July 15, 2009, and the remainder by September 30, 2009.

20 (2) By November 1, 2009, the department of community, trade, and
21 economic development shall report to the appropriate fiscal and policy
22 committees in the senate and house of representatives on the status of
23 grant awards under this section. The report may be combined with that
24 made by the director of the energy efficiency assistance program under
25 section 104 of this act.

26 **PART 3**

27 **Utility Incentives for Energy Efficiency Programs**

28 **Sec. 301.** RCW 19.285.040 and 2007 c 1 s 4 are each amended to read
29 as follows:

30 (1) Each qualifying utility shall pursue all available conservation
31 that is cost-effective, reliable, and feasible.

32 (a) By January 1, 2010, using methodologies consistent with those
33 used by the Pacific Northwest electric power and conservation planning
34 council in its most recently published regional power plan, each
35 qualifying utility shall identify its achievable cost-effective

1 conservation potential through 2019. At least every two years
2 thereafter, the qualifying utility shall review and update this
3 assessment for the subsequent ten-year period.

4 (b) Beginning January 2010, each qualifying utility shall establish
5 and make publicly available a biennial acquisition target for cost-
6 effective conservation consistent with its identification of achievable
7 opportunities in (a) of this subsection, and meet that target during
8 the subsequent two-year period. At a minimum, each biennial target
9 must be no lower than the qualifying utility's pro rata share for that
10 two-year period of its cost-effective conservation potential for the
11 subsequent ten-year period.

12 (c) In meeting its conservation targets, a qualifying utility may
13 count high-efficiency cogeneration owned and used by a retail electric
14 customer to meet its own needs. High-efficiency cogeneration is the
15 sequential production of electricity and useful thermal energy from a
16 common fuel source, where, under normal operating conditions, the
17 facility has a useful thermal energy output of no less than thirty-
18 three percent of the total energy output. The reduction in load due to
19 high-efficiency cogeneration shall be: (i) Calculated as the ratio of
20 the fuel chargeable to power heat rate of the cogeneration facility
21 compared to the heat rate on a new and clean basis of a
22 best-commercially available technology combined-cycle natural gas-fired
23 combustion turbine; and (ii) counted towards meeting the biennial
24 conservation target in the same manner as other conservation savings.

25 (d) The commission may determine if a conservation program
26 implemented by an investor-owned utility is cost-effective based on the
27 commission's policies and practice.

28 (e) The commission may rely on its standard practice for review and
29 approval of investor-owned utility conservation targets.

30 (2)(a) Each qualifying utility shall use eligible renewable
31 resources (~~(or)~~), acquire equivalent renewable energy credits, acquire
32 donation credits under (i) of this subsection, or a combination of
33 (~~both~~) the three, to meet the following annual targets:

34 (i) At least three percent of its load by January 1, 2012, and each
35 year thereafter through December 31, 2015;

36 (ii) At least nine percent of its load by January 1, 2016, and each
37 year thereafter through December 31, 2019; and

1 (iii) At least fifteen percent of its load by January 1, 2020, and
2 each year thereafter.

3 (b) A qualifying utility may count distributed generation at double
4 the facility's electrical output if the utility: (i) Owns or has
5 contracted for the distributed generation and the associated renewable
6 energy credits; or (ii) has contracted to purchase the associated
7 renewable energy credits.

8 (c) In meeting the annual targets in (a) of this subsection, a
9 qualifying utility shall calculate its annual load based on the average
10 of the utility's load for the previous two years.

11 (d) A qualifying utility shall be considered in compliance with an
12 annual target in (a) of this subsection if: (i) The utility's weather-
13 adjusted load for the previous three years on average did not increase
14 over that time period; (ii) after December 7, 2006, the utility did not
15 commence or renew ownership or incremental purchases of electricity
16 from resources other than renewable resources other than on a daily
17 spot price basis and the electricity is not offset by equivalent
18 renewable energy credits; and (iii) the utility invested at least one
19 percent of its total annual retail revenue requirement that year on
20 eligible renewable resources, renewable energy credits, or a
21 combination of both.

22 (e) The requirements of this section may be met for any given year
23 with renewable energy credits produced during that year, the preceding
24 year, or the subsequent year. Each renewable energy credit may be used
25 only once to meet the requirements of this section.

26 (f) In complying with the targets established in (a) of this
27 subsection, a qualifying utility may not count:

28 (i) Eligible renewable resources or distributed generation where
29 the associated renewable energy credits are owned by a separate entity;
30 or

31 (ii) Eligible renewable resources or renewable energy credits
32 obtained for and used in an optional pricing program such as the
33 program established in RCW 19.29A.090.

34 (g) Where fossil and combustible renewable resources are cofired in
35 one generating unit located in the Pacific Northwest where the cofiring
36 commenced after March 31, 1999, the unit shall be considered to produce
37 eligible renewable resources in direct proportion to the percentage of

1 the total heat value represented by the heat value of the renewable
2 resources.

3 (h)(i) A qualifying utility that acquires an eligible renewable
4 resource or renewable energy credit may count that acquisition at one
5 and two-tenths times its base value:

6 (A) Where the eligible renewable resource comes from a facility
7 that commenced operation after December 31, 2005; and

8 (B) Where the developer of the facility used apprenticeship
9 programs approved by the council during facility construction.

10 (ii) The council shall establish minimum levels of labor hours to
11 be met through apprenticeship programs to qualify for this extra
12 credit.

13 (i) A qualifying utility may donate funds to the energy efficiency
14 assistance account created in section 107 of this act and to the low-
15 income weatherization assistance account created in RCW 70.164.030.
16 Donated funds in an amount equivalent to the market value of a
17 renewable energy credit, at the time the donation was made, may be
18 claimed as donation credits with a compliance value equivalent to two
19 renewable energy credits. The donation credits may be used only by the
20 qualifying utility to comply with any current or future annual target
21 in (a) of this subsection, and may not be traded or sold. Qualifying
22 utilities participating in the renewable energy system cost recovery
23 program in chapter 82.16 RCW may not receive donation credits.

24 (j) A qualifying utility shall be considered in compliance with an
25 annual target in (a) of this subsection if events beyond the reasonable
26 control of the utility that could not have been reasonably anticipated
27 or ameliorated prevented it from meeting the renewable energy target.
28 Such events include weather-related damage, mechanical failure,
29 strikes, lockouts, and actions of a governmental authority that
30 adversely affect the generation, transmission, or distribution of an
31 eligible renewable resource under contract to a qualifying utility.

32 (3) Utilities that become qualifying utilities after December 31,
33 2006, shall meet the requirements in this section on a time frame
34 comparable in length to that provided for qualifying utilities as of
35 December 7, 2006.

36 **PART 4**

1 **Training Programs for Energy Efficiency Jobs**

2 NEW SECTION. **Sec. 401.** WORKFORCE TRAINING FOR THE PERFORMANCE OF
3 ENERGY AUDITS AND RETROFITS. (1) The legislature finds that it is in
4 the interest of building owners, building residents, and the state that
5 energy audits and energy efficiency services be performed in a manner
6 that is both consistent with current best practices and that provides
7 increased occupational skills training to workers in the state. The
8 director, in collaboration with the board, the workforce training and
9 education coordinating board, the employment security department, the
10 Washington state building and construction trades council, and the
11 Washington state apprenticeship and training council shall identify the
12 necessary skills and qualifications required to perform the energy
13 audits and energy efficiency services authorized under this act.

14 (2) The board shall work with the Washington apprenticeship and
15 training council to jointly develop, by June 30, 2009, curricula and
16 training programs, to include on-the-job training, classroom training,
17 and safety and health training, for the development of the skills and
18 qualifications identified by the director under subsection (1) of this
19 section.

20 (3) Training resource moneys may be provided from the account for
21 the following purposes:

22 (a) To develop curricula and training programs in accordance with
23 subsection (2) of this section;

24 (b) For the expansion of existing high school, community college,
25 and apprenticeship training programs providing energy audit and energy
26 efficiency services training;

27 (c) For the implementation of new training programs developed under
28 the terms of this chapter; and

29 (d) To supplement internship and apprenticeship programs using
30 curricula developed under subsection (2) of this section.

31 (4) The director shall direct the delivery of training resource
32 moneys as necessary to meet demands for jobs, giving priority in
33 distribution of training resource moneys to those who provide
34 convincing evidence that they can complete their work expeditiously.

35 (5) The board shall target existing allocation of higher education
36 full-time employees as needed to ensure capacity for training programs
37 developed under this section.

1 (6) The Washington apprenticeship and training council shall
2 evaluate the potential of a low-threshold apprenticeship program that
3 would quickly produce workers with the skills needed to conduct energy
4 audits and provide energy efficiency services.

5 (7) The board shall provide an interim report to the appropriate
6 committees of the legislature by December 1, 2011, and a final report
7 by December 1, 2013, detailing the effectiveness of, and any
8 recommendations for improving, the worker training curricula and
9 programs established in subsection (2) of this section.

10 NEW SECTION. **Sec. 402.** DESIGNATION OF WORKFORCE TRAINING PROGRAMS
11 FOR THE PERFORMANCE OF ENERGY AUDITS AND RETROFITS. (1) Curricula and
12 training programs developed under section 401 of this act and already
13 existing programs that meet the requirements of section 401 of this act
14 must be recognized as programs of study under RCW 28B.50.273.

15 (2) Subject to available funding, the board may grant enrollment
16 priority to persons who enroll in curricula and training programs
17 developed in accordance with section 401 of this act and who also
18 qualify for waiver under RCW 28B.15.522.

19 **PART 5**

20 **Local Authority for Assisting with Energy Efficiency**

21 NEW SECTION. **Sec. 501.** A new section is added to chapter 35.92
22 RCW to read as follows:

23 MUNICIPAL ENERGY EFFICIENCY UTILITIES AUTHORIZED. (1) A
24 municipality may construct, purchase, acquire, add to, extend,
25 maintain, and operate a system of conservation facilities, equipment,
26 and programs for the conservation of energy, within or without its
27 limits, for the purpose of providing to its inhabitants and other
28 persons, services that lead to the more efficient consumption of energy
29 resources, from whatever source generated, with full power to regulate
30 and control the use, distribution, and price of such efficiency
31 measures, and to enter into agreements for the maintenance and
32 operation of conservation facilities under terms and conditions
33 determined by the legislative authority of the municipality. A
34 conservation utility may be operated as a separate utility or may be

1 combined with an existing electric, water, wastewater, solid waste,
2 heating or other utility operated by the municipality.

3 (2) For the purposes of meeting the state's goals relating to
4 greenhouse gas emissions in RCW 70.235.020 and reducing the state's
5 dependence on foreign oil, the provision of conservation services and
6 the establishment and operation of conservation utilities by a
7 municipality under this section are declared to be a public use and a
8 public and municipal purpose. A municipality that forms a conservation
9 utility under this section is declared to be engaged in the sale or
10 distribution of energy services for purposes of Article VIII, section
11 10 of the state Constitution, and is authorized to operate the loan
12 programs authorized in RCW 35.92.360 or 54.16.280, as applicable.

13 (3)(a) The legislative authority of the municipality has full
14 authority to control the use distribution and rates or charges for
15 energy conservation services and facilities provided to customers of
16 the system if the rates charged are uniform for the same class of
17 customer or service.

18 (b) In classifying customers served or service furnished, the
19 legislative authority may consider: (i) The difference in cost of
20 service to the various customers; (ii) the location of the various
21 customers within or without the municipality; (iii) the difference in
22 cost of maintenance, operation, repair, and replacement of the various
23 parts of the system; (iv) the different character of the service
24 furnished various customers; (v) the quantity and quality of the
25 conservation services furnished; and (vi) any other matters that
26 present a reasonable difference as a ground for distinction.

27 (4) The legislative authority of the municipality has full
28 authority to regulate and control the conservation services delivered,
29 together with the right to handle and sell or lease any meters, lamps,
30 motors, transformers, and conservation equipment or accessories of any
31 kind, necessary and convenient for the use, distribution, and sale
32 thereof.

33 (5) The associated reductions in greenhouse gas emissions from any
34 energy conservation services and facilities provided by the
35 conservation utility are owned by the conservation utility unless
36 otherwise expressly provided in the rates and charges or contracts for
37 energy conservation.

1 (6) The associated reductions in greenhouse gas emissions from any
2 energy conservation services and facilities provided by the
3 conservation utility may be sold by the conservation utility to: (a)
4 Cities, counties, and public utility districts to mitigate the
5 greenhouse gas emissions of those jurisdictions pursuant to the
6 authority to purchase offsets provided in RCW 35.92.430, 36.01.250, and
7 54.16.390; or (b) electric utilities as renewable energy credits
8 pursuant to chapter 19.285 RCW to the extent that the reductions in
9 greenhouse gas emissions result from a reduction in electric energy
10 usage.

11 (7) The authority in this section is in addition to any authority
12 granted in other law and does not limit the ability to provide
13 conservation services through an existing electric, water, wastewater,
14 or heating utility. The election procedures under RCW 35.92.070 and
15 54.08.070 and chapter 80.52 RCW or other law have no application to the
16 formation of a conservation utility formed under this section. Nothing
17 in this section authorizes any municipality to generate, transmit,
18 distribute, or sell electricity. Nothing in this section may be
19 construed to restrain or limit the authority of any individual,
20 partnership, corporation, or private utility from establishing and
21 providing conservation services.

22 (8) For purposes of this section, "municipality" means any city,
23 town, county, or public utility district.

24 **Sec. 502.** RCW 35.92.360 and 2002 c 276 s 2 are each amended to
25 read as follows:

26 (1) Any city or town engaged in the generation, sale, or
27 distribution of energy is hereby authorized, within limits established
28 by the Constitution of the state of Washington, to assist the owners of
29 structures or equipment in financing the acquisition and installation
30 of materials and equipment, for compensation or otherwise, for the
31 conservation or more efficient use of energy in such structures or
32 equipment pursuant to an energy conservation plan adopted by the city
33 or town if the cost per unit of energy saved or produced by the use of
34 such materials and equipment is less than the cost per unit of energy
35 produced by the next least costly new energy resource which the city or
36 town could acquire to meet future demand. Any financing authorized
37 under this chapter shall only be used for conservation purposes in

1 existing structures, and such financing shall not be used for any
2 purpose which results in a conversion from one energy source to
3 another.

4 (2) For the purposes of this section, "conservation purposes in
5 existing structures" may include projects to allow a municipal electric
6 utility's customers to generate all or a portion of their own
7 electricity through the on-site installation of a distributed
8 electricity generation system that uses as its fuel solar, wind,
9 geothermal, or hydropower, or other renewable resource that is
10 available on-site and not from a commercial source. Such projects
11 shall not be considered "a conversion from one energy source to
12 another" which is limited to the change or substitution of one
13 commercial energy supplier for another commercial energy supplier.

14 (3) Except where otherwise authorized, such assistance shall be
15 limited to:

16 ~~((+1))~~ (a) Providing an inspection of the structure or equipment,
17 either directly or through one or more inspectors under contract, to
18 determine and inform the owner of the estimated cost of purchasing and
19 installing conservation materials and equipment for which financial
20 assistance will be approved and the estimated life cycle savings in
21 energy costs that are likely to result from the installation of such
22 materials or equipment;

23 ~~((+2))~~ (b) Providing a list of businesses who sell and install
24 such materials and equipment within or in close proximity to the
25 service area of the city or town, each of which businesses shall have
26 requested to be included and shall have the ability to provide the
27 products in a workmanlike manner and to utilize such materials in
28 accordance with the prevailing national standards~~((+))~~i

29 ~~((+3))~~ (c) Arranging to have approved conservation materials and
30 equipment installed by a private contractor whose bid is acceptable to
31 the owner of the residential structure and verifying such installation;
32 and

33 ~~((+4))~~ (d) Arranging or providing financing for the purchase and
34 installation of approved conservation materials and equipment. Such
35 materials and equipment shall be purchased from a private business and
36 shall be installed by a private business or the owner.

37 ~~((+5))~~ (4) Pay back shall be in the form of incremental additions
38 to the utility bill, billed either together with use charge or

1 separately. Loans shall not exceed one hundred twenty months in
2 length. The city or town may make assistance available in the form of
3 grants made under this section for conservation improvements to
4 existing structures owned or occupied by persons qualifying as poor or
5 infirm consistent with the state Constitution.

6 (5) The legislative authority of the city or town shall approve the
7 aggregate amount of such loans and repayment terms by ordinance and
8 may, by ordinance, delegate to staff to approve individual loans
9 consistent with the terms set forth in the ordinance. The city or town
10 and the property owner shall enter into a loan agreement setting forth
11 the terms of the loan, which agreement may provide for acceleration in
12 the event a loan installment is delinquent. In order to secure loans,
13 the city or town must have a statutory lien on the property on which
14 conservation improvements so financed are installed or constructed.
15 The lien is paramount and superior to any other lien or encumbrance
16 theretofore or thereafter created, except a lien for general taxes and
17 special assessment district assessments. The loan is a lien upon
18 property from the time the loan agreement is executed. If the
19 legislative authority of the city or town has acted in good faith and
20 without fraud in granting a loan, the loan is valid and enforceable as
21 such and the lien upon the property is valid.

22 (6) The city or town may foreclose a lien in an action in the
23 superior court. All or any of the tracts subject to such a lien may be
24 proceeded against in a single action, and all parties appearing of
25 record as owning or claiming to own or having an interest in or lien
26 upon the tracts involved must be impleaded in the action as parties
27 defendant. An action to foreclose a lien must be commenced within two
28 years after the date the loan first becomes subject to acceleration
29 under the loan documents. Liens to secure loans may be foreclosed in
30 the manner provided by RCW 35.67.250, 35.67.260, and 35.67.270.

31 (7) Loans may be used to secure and repay general obligation or
32 revenue bonds, notes, or other forms of indebtedness issued by or on
33 behalf of the city or town. For the purpose of securing the payment of
34 the principal of and interest on any bonds or notes, the city or town
35 may create a reserve fund. The principal amount of any loan may
36 include a proportionate share of the costs of issuing the bonds, notes,
37 or other indebtedness, and may include up to an additional ten percent
38 of the loan amount to fund a reserve fund.

1 (8) This act applies prospectively and does not affect the validity
2 of any loan issued under this section prior to the effective date of
3 this section.

4 **Sec. 503.** RCW 54.16.280 and 2002 c 276 s 3 are each amended to
5 read as follows:

6 (1) Any district is hereby authorized, within limits established by
7 the Constitution of the state of Washington, to assist the owners of
8 structures or equipment in financing the acquisition and installation
9 of materials and equipment, for compensation or otherwise, for the
10 conservation or more efficient use of energy in such structures or
11 equipment pursuant to an energy conservation plan adopted by the
12 district if the cost per unit of energy saved or produced by the use of
13 such materials and equipment is less than the cost per unit of energy
14 produced by the next least costly new energy resource which the
15 district could acquire to meet future demand. Any financing authorized
16 under this chapter shall only be used for conservation purposes in
17 existing structures, and such financing shall not be used for any
18 purpose which results in a conversion from one energy source to
19 another.

20 (2) For the purposes of this section, "conservation purposes in
21 existing structures" may include projects to allow a district's
22 customers to generate all or a portion of their own electricity through
23 the on-site installation of a distributed electricity generation system
24 that uses as its fuel solar, wind, geothermal, or hydropower, or other
25 renewable resource that is available on-site and not from a commercial
26 source. Such projects shall not be considered "a conversion from one
27 energy source to another" which is limited to the change or
28 substitution of one commercial energy supplier for another commercial
29 energy supplier.

30 (3) Except where otherwise authorized, such assistance shall be
31 limited to:

32 ~~((1))~~ (a) Providing an inspection of the structure or equipment,
33 either directly or through one or more inspectors under contract, to
34 determine and inform the owner of the estimated cost of purchasing and
35 installing conservation materials and equipment for which financial
36 assistance will be approved and the estimated life cycle savings in

1 energy costs that are likely to result from the installation of such
2 materials or equipment;

3 ~~((+2))~~ (b) Providing a list of businesses who sell and install
4 such materials and equipment within or in close proximity to the
5 service area of the district, each of which businesses shall have
6 requested to be included and shall have the ability to provide the
7 products in a workmanlike manner and to utilize such materials in
8 accordance with the prevailing national standards~~((-))~~;

9 ~~((+3))~~ (c) Arranging to have approved conservation materials and
10 equipment installed by a private contractor whose bid is acceptable to
11 the owner of the residential structure and verifying such installation;
12 and

13 ~~((+4))~~ (d) Arranging or providing financing for the purchase and
14 installation of approved conservation materials and equipment. Such
15 materials and equipment shall be purchased from a private business and
16 shall be installed by a private business or the owner.

17 ~~((+5))~~ (4) Pay back shall be in the form of incremental additions
18 to the utility bill, billed either together with use charge or
19 separately. Loans shall not exceed one hundred twenty months in
20 length. The district may make assistance available in the form of
21 grants made under this section for conservation improvements to
22 existing structures owned or occupied by persons qualifying as poor or
23 infirm consistent with the state Constitution.

24 (5) The legislative authority of the district shall approve the
25 aggregate amount of such loans and repayment terms by ordinance and
26 may, by ordinance, delegate to staff to approve individual loans
27 consistent with the terms set forth in the ordinance. The district and
28 the property owner shall enter into a loan agreement setting forth the
29 terms of the loan, which agreement may provide for acceleration in the
30 event a loan installment is delinquent. In order to secure loans, the
31 district must have a statutory lien on the property on which
32 conservation improvements so financed are installed or constructed.
33 The lien is paramount and superior to any other lien or encumbrance
34 theretofore or thereafter created, except a lien for general taxes and
35 special assessment district assessments. The loan is a lien upon
36 property from the time the loan agreement is executed. If the
37 legislative authority of the district has acted in good faith and

1 without fraud in granting a loan, the loan is valid and enforceable as
2 such and the lien upon the property is valid.

3 (6) The district may foreclose a lien in an action in the superior
4 court. All or any of the tracts subject to such a lien may be
5 proceeded against in a single action, and all parties appearing of
6 record as owning or claiming to own or having an interest in or lien
7 upon the tracts involved must be impleaded in the action as parties
8 defendant. An action to foreclose a lien must be commenced within two
9 years after the date the loan first becomes subject to acceleration
10 under the loan documents. Liens to secure loans may be foreclosed in
11 the manner provided by RCW 35.67.250, 35.67.260, and 35.67.270.

12 (7) Loans may be used to secure and repay general obligation or
13 revenue bonds, notes, or other forms of indebtedness issued by or on
14 behalf of the city or town. For the purpose of securing the payment of
15 the principal of and interest on any bonds or notes, the district may
16 create a reserve fund. The principal amount of any loan may include a
17 proportionate share of the costs of issuing the bonds, notes, or other
18 indebtedness, and may include up to an additional ten percent of the
19 loan amount to fund a reserve fund.

20 (8) This act applies prospectively and does not affect the validity
21 of any loan issued under this section prior to the effective date of
22 this section.

23 **Sec. 504.** RCW 36.94.460 and 1992 c 25 s 3 are each amended to read
24 as follows:

25 (1) Any county engaged in the sale or distribution of water or in
26 the sale and distribution of energy services through an energy
27 conservation utility formed under section 501 of this act, is hereby
28 authorized, within limits established by the Constitution of the state
29 of Washington, to assist the owners of structures that are provided
30 water or energy conservation services by the county in financing the
31 acquisition and installation of fixtures, systems, and equipment, for
32 compensation or otherwise, for the conservation or more efficient use
33 of water or energy in the structures under a water or energy
34 conservation plan adopted by the county if the cost per unit of water
35 saved or conserved by the use of the fixtures, systems, and equipment
36 is less than the cost per unit of water supplied by the next least
37 costly new water source available to the county to meet future demand.

1 (2) Except where otherwise authorized, assistance shall be limited
2 to:

3 (~~(1)~~) (a) Providing an inspection of the structure, either
4 directly or through one or more inspectors under contract, to determine
5 and inform the owner of the estimated cost of purchasing and installing
6 conservation fixtures, systems, and equipment for which financial
7 assistance will be approved and the estimated life cycle savings to the
8 water system and the consumer that are likely to result from the
9 installation of the fixtures, systems, or equipment;

10 (~~(2)~~) (b) Providing a list of businesses that sell and install
11 the fixtures, systems, and equipment within or in close proximity to
12 the service area of the county, each of which businesses shall have
13 requested to be included and shall have the ability to provide the
14 products in a workmanlike manner and to utilize the fixtures, systems,
15 and equipment in accordance with the prevailing national standards;

16 (~~(3)~~) (c) Arranging to have approved conservation fixtures,
17 systems, and equipment installed by a private contractor whose bid is
18 acceptable to the owner of the structure and verifying the
19 installation; and

20 (~~(4)~~) (d) Arranging or providing financing for the purchase and
21 installation of approved conservation fixtures, systems, and equipment.
22 The fixtures, systems, and equipment shall be purchased or installed by
23 a private business, the owner, or the utility.

24 (3) Pay back shall be in the form of incremental additions to the
25 utility bill, billed either together with (~~the~~) the use charge or
26 separately. Loans shall not exceed one hundred twenty months in
27 length. The county may make assistance available in the form of grants
28 made under this section for conservation improvements to existing
29 structures owned or occupied by persons qualifying as poor or infirm
30 consistent with the state Constitution.

31 (4) The legislative authority of the county shall approve the
32 aggregate amount of such loans and repayment terms by ordinance and
33 may, by ordinance, delegate to staff to approve individual loans
34 consistent with the terms set forth in the ordinance. The county and
35 the property owner shall enter into a loan agreement setting forth the
36 terms of the loan, which agreement may provide for acceleration in the
37 event a loan installment is delinquent. In order to secure loans, the
38 county must have a statutory lien on the property on which conservation

1 improvements so financed are installed or constructed. The lien is
2 paramount and superior to any other lien or encumbrance theretofore or
3 thereafter created, except a lien for general taxes and special
4 assessment district assessments. The loan is a lien upon property from
5 the time the loan agreement is executed. If the legislative authority
6 of the county has acted in good faith and without fraud in granting a
7 loan, the loan is valid and enforceable as such and the lien upon the
8 property is valid.

9 (5) The county may foreclose a lien in an action in the superior
10 court. All or any of the tracts subject to such a lien may be
11 proceeded against in a single action, and all parties appearing of
12 record as owning or claiming to own or having an interest in or lien
13 upon the tracts involved must be impleaded in the action as parties
14 defendant. An action to foreclose a lien must be commenced within two
15 years after the date the loan first becomes subject to acceleration
16 under the loan documents. Liens to secure loans may be foreclosed in
17 the manner provided by RCW 35.67.250, 35.67.260, and 35.67.270.

18 (6) Loans may be used to secure and repay general obligation or
19 revenue bonds, notes, or other forms of indebtedness issued by or on
20 behalf of the city or town. For the purpose of securing the payment of
21 the principal of and interest on any bonds or notes, the county may
22 create a reserve fund. The principal amount of any loan may include a
23 proportionate share of the costs of issuing the bonds, notes, or other
24 indebtedness, and may include up to an additional ten percent of the
25 loan amount to fund a reserve fund.

26 (7) This act applies prospectively and does not affect the validity
27 of any loan issued under this section prior to the effective date of
28 this section.

29 **PART 6**

30 **Energy Efficiency in Publicly Funded Housing and State Agency Buildings**

31 NEW SECTION. Sec. 601. A new section is added to chapter 43.185
32 RCW to read as follows:

33 ENERGY AUDITS AND RETROFITS IN PUBLICLY FUNDED HOUSING. (1) The
34 legislature finds that growing preservation and rehabilitation needs in
35 the housing trust fund property portfolio provide opportunities to
36 advance energy efficiency and weatherization efforts for low-income

1 individuals in Washington state while protecting the state's six
2 hundred million dollars in affordable housing investments.
3 Preservation of existing affordable housing, when done in conjunction
4 with weatherization activities, is a cost-effective, prudent, and
5 environmentally friendly strategy to ensure that low-income housing
6 remains durable, safe, and affordable.

7 (2) The department shall review all housing properties in the
8 housing trust fund real estate portfolio and identify those in need of
9 major renovation or rehabilitation. In its review, the department
10 shall survey property owners for information including, but not limited
11 to, the age of the building and the type of heating, cooling, plumbing,
12 and electrical systems contained in the property. The department shall
13 prioritize all renovation or rehabilitation projects identified in the
14 review by the department's ability to:

15 (a) Achieve the greatest possible expected monetary and energy
16 savings by low-income households and other energy consumers over the
17 greatest period of time;

18 (b) Promote the greatest possible health and safety improvements
19 for residents of low-income households; and

20 (c) Leverage, to the extent feasible, technologically advanced and
21 environmentally friendly sustainable technologies, practices, and
22 designs.

23 (3) Subject to the availability of amounts appropriated for this
24 specific purpose, the department shall use the prioritization of
25 potential energy efficiency needs and opportunities in subsection (2)
26 of this section to make offers of energy audit services to project
27 owners and operators. The department shall use all practicable means
28 to achieve the completion of energy audits in at least twenty-five
29 percent of the properties in its portfolio that exceed twenty-five
30 years in age, by June 30, 2011. Where the energy audits identify cost-
31 effective weatherization and other energy efficiency measures, the
32 department shall accord a priority within appropriated funding levels
33 to include funding for energy efficiency improvements when the
34 department allocates funding for renovation or rehabilitation of the
35 property.

36 **Sec. 602.** RCW 43.19.675 and 2001 c 214 s 26 are each amended to
37 read as follows:

1 ENERGY EFFICIENCY IN STATE AGENCY BUILDINGS. For each state-owned
2 facility, the director of general administration, or the agency
3 responsible for the facility if other than the department of general
4 administration, shall conduct an energy audit of that facility. This
5 energy audit may be conducted by contract or by other arrangement,
6 including appropriate agency staff. Performance-based contracting
7 shall be the preferred method for implementing and completing energy
8 audits. For each state-owned facility, the energy consumption surveys
9 shall be completed no later than October 1, (~~(2001)~~) 2009, and the
10 walk-through surveys shall be completed no later than July 1, (~~(2002)~~)
11 2010.

12 **Sec. 603.** RCW 43.19.680 and 2001 c 214 s 27 are each amended to
13 read as follows:

14 (1) Upon completion of each walk-through survey required by RCW
15 43.19.675, the director of general administration or the agency
16 responsible for the facility if other than the department of general
17 administration shall implement energy conservation maintenance and
18 operation procedures that may be identified for any state-owned
19 facility. These procedures shall be implemented as soon as possible
20 but not later than twelve months after the walk-through survey.

21 (2) If a walk-through survey has identified potentially cost-
22 effective energy conservation measures, the agency responsible for the
23 facility shall undertake an investment grade audit of the facility.
24 Investment grade audits shall be completed no later than December 1,
25 (~~(2002)~~) 2010. Installation of cost-effective energy conservation
26 measures recommended in the investment grade audit shall be completed
27 no later than June 30, (~~(2004)~~) 2012.

28 (3) For each biennium until all measures are installed, the
29 director of general administration shall report to the governor and
30 legislature installation progress, (~~(and)~~) and measures planned for
31 installation during the ensuing biennium. This report shall be
32 submitted by December 31, (~~(2004)~~) 2010, or at the end of the following
33 year whichever immediately precedes the capital budget adoption, and
34 every two years thereafter until all measures are installed.

35 (4) Agencies may contract with energy service companies as
36 authorized by chapter 39.35C RCW for energy audits and implementation

1 of cost-effective energy conservation measures. The department shall
2 provide technically qualified personnel to the responsible agency upon
3 request. The department shall recover a fee for this service.

4 (5) To the extent possible through the budget process, agencies may
5 retain any cost savings resulting from implementing energy conservation
6 measures identified through investment grade audits.

7 **Sec. 604.** RCW 43.41.170 and 1989 c 11 s 15 are each amended to
8 read as follows:

9 The office of financial management shall ensure that to the extent
10 possible through the budget process (~~(shall allow)~~), state agencies
11 implementing energy conservation (~~(to)~~) measures identified in RCW
12 43.19.680 may retain the resulting cost savings for other purposes,
13 including further energy conservation.

14 **PART 7**
15 **Miscellaneous**

16 NEW SECTION. **Sec. 701.** Sections 101 through 108, 401, and 402 of
17 this act constitute a new chapter in Title 70 RCW.

18 NEW SECTION. **Sec. 702.** Captions and part headings used in this
19 act are not any part of the law.

20 NEW SECTION. **Sec. 703.** If any provision of this act or its
21 application to any person or circumstance is held invalid, the
22 remainder of the act or the application of the provision to other
23 persons or circumstances is not affected.

24 NEW SECTION. **Sec. 704.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 immediately.

--- END ---