Multiple Agency Fiscal Note Summary

Bill Number: 5293 SB	Title: Energy efficiency

Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Department of Revenue	0	0	(1,971,000)	(1,971,000)	(13,070,000)	(13,070,000)
Total $	**0**	**0**	**(1,971,000)**	**(1,971,000)**	**(13,070,000)**	**(13,070,000)**

Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Commerce	3.3	2,000,000	2,000,000	3.7	2,000,000	2,000,000	1.9	998,722	998,722
Department of Revenue	.4	86,900	86,900	.1	16,800	16,800	.1	16,800	16,800
Department of Enterprise Services	.0	27,200	27,200	.0	0	0	.0	0	0
Utilities and Transportation Commission	1.1	0	329,737	3.0	0	856,079	2.8	0	777,371
Total $	**4.8**	**2,114,100**	**2,443,837**	**6.8**	**2,016,800**	**2,872,879**	**4.8**	**1,015,522**	**1,792,893**

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Fiscal note not available								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Estimated Capital Budget Breakout

NONE

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 55985

Prepared by: Gwen Stamey, OFM	Phone: (360) 902-9810	Date Published: Preliminary 2/18/2019

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 55985

Individual State Agency Fiscal Note

Bill Number: 5293 SB	Title: Energy efficiency	Agency: 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Operating Expenditures from:

		FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		2.8	3.7	3.3	3.7	1.9
Account						
General Fund-State	001-1	993,294	1,006,706	2,000,000	2,000,000	998,722
	Total $	993,294	1,006,706	2,000,000	2,000,000	998,722

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

[X] If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

[ ] If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

[ ] Capital budget impact, complete Part IV.

[X] Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 01/18/2019
Agency Preparation:	Carolee Sharp	Phone: (360) 725-3118	Date: 01/24/2019
Agency Approval:	Joyce Miller	Phone: 360-725-2723	Date: 01/24/2019
OFM Review:	Gwen Stamey	Phone: (360) 902-9810	Date: 01/29/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1 is a new section and establishes the intent of the legislation to initiate energy performance standards for larger commercial buildings, to provide financial incentives and technical assistance for building owners to meet the standards, to enhance data access regarding energy consumption, to authorize local governments to establish higher performance standards, to adopt efficiency standards and to create an efficiency standard for natural gas distribution companies.

Section 3(1) directs the department to establish, by rule, a state energy performance standard for covered commercial buildings by July 1, 2020. The department must update the standard by July 1, 2029, and every five years thereafter. The department assumes that the development of the state energy performance standard will begin July 1, 2019, with the development of an energy performance standard rule, energy-use intensity targets, criteria for conditional compliance, an impacted building database, a customer support program, program requirements surrounding compliance reporting, appeals, program incentive application and tracking, violations and penalties processes.

Section 3(2) directs the department to develop energy use intensity targets for covered commercial building occupancy type and for additional property types eligible for incentives in section 4 of this act. Additionally, the department must adopt a conditional compliance method that ensures that covered commercial buildings that do not meet the specified energy use intensity targets are taking action to achieve reductions in energy use.

Section 3(3) directs the department to create a database of approximately 14,000 parcels representing large buildings out of 132,000 estimated commercial building parcels, which the department assumes will be accomplished utilizing a contractor. This work is estimated to begin July 1, 2020 and be completed by March 30, 2021.

Section 3(4) requires the department to provide the owners of the covered buildings with notification of compliance requirements by July 1, 2021.

Section 3(5) directs the department to develop a method for administering compliance reports from building owners.

Section 3(6) requires the department to provide a customer support program to building owners including, but not limited to, outreach and informational material, periodic training, phone and email support and other technical assistance. The department assumes that this work will begin July 1, 2020. Additionally, the department assumes that the customer support program will provide assistance to approximately 10,000 buildings/building owners in the cohort and will be accomplished utilizing a contractor (Washington State University Energy Program).

Section 3(7) directs covered commercial building owners to report compliance with the standard to the department in accordance with subsection 8 of this section and every five years thereafter. This documentation must demonstrate that the weather normalized energy use intensity is less than or equal to the energy use intensity target, that the building has received conditional compliance from the department, or the building is exempt from the standard based on perimeters outlined in this subsection or by other conditions of financial hardship issues identified by the department by rule.

Section 3(9) authorizes the department to issue a notice of violation to a building owner for noncompliance.

Section 3(10) authorizes the department to impose an administrative penalty for failing to submit documentation demonstrating compliance with the requirements of this section. This section also identifies penalty amounts and authorizes the department to increase the maximum penalty rates, by rule, to adjust for inflation.

Section 3(12) states that the department must adopt rules as necessary to implement this section. The department assumes that rulemaking will be completed by July 1, 2020 to establish the energy performance standard. Program implementation will begin after the rulemaking has been completed. The rulemaking will include six stakeholder meetings held throughout the state, and will include consultation on the development of program design.

Section 3(13) directs county assessors to provide property data from existing records to the department.

Section 4(1) directs the department to establish a state energy performance standard early adoption incentive program. The department assumes the development of the early adoption incentive program will begin July 1, 2020 and be fully developed by January 1, 2021. Program development will include the adoption of application and reporting requirements, establishment of professional qualifications for persons completing building energy reporting, guidelines for entity administration of incentive programs, energy consumption verification requirements, appeals processes and rulemaking.

Section 4(2) directs the department to adopt application and reporting requirements for the incentive program.

Section 4(3) states that the department must establish professional qualifications for persons completing building energy reporting required for the incentive program.

Section 4(4) states that the department must authorize entities administering incentive payments to building owners to make payment upon receiving documentation that demonstrates qualification for the incentive.

Section 4(6) states that eligible building owners may submit an application to the department for an incentive payment beginning January 1, 2021. Additionally, the department must review each application for eligibility and determine if funds are available for the incentive payment within the limitation of section 5 of this act. If the department certifies the application, it must provide verification to the building owner and each entity participating as defined in section 6 of this act.

Section 4(10) states that the department must establish requirements for the verification of energy consumption by the building owner and each participating electric utility, gas company and thermal energy company.

Section 4(11) directs the department to provide an administrative process for an eligible building owner to appeal a determination of an incentive eligibility or amount.

Section 4(12) states that the department must report to the appropriate committees of the legislature on the results of the program, and may provide recommendations by September 30, 2025 and every two years thereafter. Beginning September 30, 2025, and every two years thereafter, department staff will develop a report detailing program results and improvement recommendations and submit it to the appropriate committees of the legislature.

Section 4(13) authorizes the department to adopt rules to implement section 4. A rulemaking will begin July 1, 2020 to establish enforcement requirements, and will include six stakeholder meetings held throughout the state. This will also include consultation on the development of program design.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 3(10) authorizes the department to impose an administrative penalty for failing to submit documentation demonstrating compliance with the requirements of this section. This section also identifies penalty amounts and authorizes the department to increase the maximum penalty rates, by rule, to adjust for inflation. Administrative penalties collected under this section of the bill must be deposited into the low-income weatherization and structural rehabilitation assistance account created in RCW 70.164.030.

The cash receipts impact associated with this proposed legislation is indeterminate. No historical data exists to support a reasonable set of assumptions regarding administrative penalties.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Sections 3 & 4 – State Energy Performance Standard and Early Adoption Incentive Program

Assumptions: The department assumes that the development of the state energy performance standard will begin July 1, 2019, with the development of an energy performance standard rule, energy-use intensity targets, criteria for conditional compliance, an impacted building database, a customer support program, program requirements surrounding compliance reporting, appeals, program incentive application and tracking, violations and penalties processes.

The department assumes that rulemaking will be completed by July 1, 2020 to establish the energy performance standard. Program implementation will begin after the rulemaking has been completed. The rulemaking will include six stakeholder meetings held throughout the state, and will include consultation on the development of program design.

This work will include the development of a database of approximately 14,000 parcels representing large buildings out of 132,000 estimated commercial building parcels, which the department assumes will be accomplished utilizing a contractor. The estimated cost to develop the database is $100,000, to include an estimated $18,600 per year for maintenance from a third party vendor. The department estimates it would take approximately 500 hours to develop the database at a average rate of $200 per hour. This work is estimated to begin July 1, 2020 and be completed by March 30, 2021, to allow notification to owners of the covered buildings by July 1, 2021.

Additionally, the department assumes that the customer support program will provide assistance to approximately 10,000 buildings/building owners in the cohort and will be accomplished utilizing a contractor. This cost is estimated at $500,000 per year based on an estimate, and will be done by the Washington State University Energy Program.

The department assumes the development of the early adoption incentive program will begin July 1, 2020 and be fully developed by January 1, 2021. Program development will include the adoption of application and reporting requirements, establishment of professional qualifications for persons completing building energy reporting, guidelines for entity administration of incentive programs, energy consumption verification requirements, appeals processes and rulemaking.

A rulemaking will be completed by July 1, 2020 to establish the energy performance standard. Program implementation will begin after the rulemaking has been completed. The rulemaking will include six stakeholder meetings held throughout the state, and will include consultation on the development of program design.

The department assumes that beginning January 1, 2021, 300 applications per year will be submitted by building owners for incentive payments. Staffing will be increased by 1.0 FTE on July 1, 2020 to facilitate this process.

Beginning September 30, 2025, and every two years thereafter, department staff will develop a report detailing program results and improvement recommendations and submit it to the appropriate committees of the legislature. Costs for this activity are not included in this analysis because the activity takes place beyond the time frame of this estimate.

To accomplish this work the department assumes:

0.45 FTE EMS2 Senior Energy Policy Specialist (925 hours) in FY20-21 focused primarily on rulemaking and 0.2 FTE (415 hours) in FY22-24 to provide specialized technical services to the program, project and program development and design of technical assistance efforts for clients and staff. Staff will provide expert policy advice and lead the development of the complex rulemaking effort.

1.0 FTE Management Analyst 4 (2,088 hours) in FY20-24 to provide specialized technical analysis of data, provide recommendations regarding the development of rules and provide ongoing data management for the database.

1.0 FTE Commerce Specialist 3 (2,088 hours) in FY20 and 2.0 FTE (4,176 hours) in FY21-24 to provide or build capacity around solicitation, origination, management, application review and the monitoring of program requirements. Compliance monitoring may include site visits and corresponding compliance reports. Staff will assist the senior policy specialist in drafting rules, representing the agency, developing policy positions and coordinating the state’s role with respect to the implementation of the program.

Salaries and Benefits
FY20: $260,432
FY21-24: $324,368 per year

Professional Service Contracts
$100,000 is assumed for a professional service contract in FY20 to develop the impacted parcels database, and $18,600 per year in FY21-24 for maintenance of the database. A second professional service contract is assumed at $500,000 per year in FY20-24 to develop and maintain a customer support program for approximately 10,000 buildings/building owners.

FY20: $600,000
FY21-24: $518,600 per year

Goods and Services, Equipment and Travel

The department assumes travel for stakeholder engagement, rulemaking and for monitoring incentive applicants. Standard goods and services costs include supplies and materials, employee development and training, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan. Attorney General costs are estimated at $4,766 in FY20, $4,300 in FY21 and $3,872 in FY22 to assist with rulemaking.

FY20: $132,862
FY21: $163,738
FY22: $158,310
FY23: $155,754
FY24: $155,754

==

Total Estimated Costs

FY20: $993,294
FY21: $1,006,706
FY22: $1,001,278
FY23: $998,722
FY24: $998,722

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	993,294	1,006,706	2,000,000	2,000,000	998,722
		Total $	993,294	1,006,706	2,000,000	2,000,000	998,722

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	2.8	3.7	3.3	3.7	1.9
A-Salaries and Wages	191,981	237,585	429,566	475,170	237,585
B-Employee Benefits	68,451	86,783	155,234	173,566	86,783
C-Professional Service Contracts	600,000	518,600	1,118,600	1,037,200	518,600
E-Goods and Other Services	125,058	155,934	280,992	307,140	151,634
G-Travel	2,804	2,804	5,608	5,608	2,804
J-Capital Outlays	5,000	5,000	10,000	1,316	1,316
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	993,294	1,006,706	2,000,000	2,000,000	998,722

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Administrative Services (Indirect)	69,552	0.4	0.5	0.5	0.5	0.3
Commerce Specialist 3	72,010	1.0	2.0	1.5	2.0	1.0
EMS Band 2 Senior Energy Policy Specialist	107,777	0.4	0.2	0.3	0.2	0.1
Management Analyst 4	72,010	1.0	1.0	1.0	1.0	0.5
Total FTEs		2.8	3.7	3.3	3.7	1.9

Part IV: Capital Budget Impact

NONE

None

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 3(12) states that the department must adopt rules as necessary to implement section 3 and establish the energy performance standard.

Section 4(13) authorizes the department to adopt rules to implement section 4 to establish enforcement requirements and the development of program design.

Department of Revenue Fiscal Note

Bill Number: 5293 SB	Title: Energy efficiency	Agency: 140-Department of Revenue

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax				(1,971,000)	(13,070,000)
Total $				(1,971,000)	(13,070,000)

Estimated Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.2	0.6	0.4	0.1	0.1
Account					
GF-STATE-State 001-1	22,500	64,400	86,900	16,800	16,800
Total $	22,500	64,400	86,900	16,800	16,800

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 01/18/2019
Agency Preparation:	Rachel Knutson	Phone: 360-534-1532	Date: 01/22/2019
Agency Approval:	Kim Davis	Phone: 360-534-1508	Date: 01/22/2019
OFM Review:	Kathy Cody	Phone: (360) 902-9822	Date: 01/23/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This fiscal note only addresses those sections of the bill that impact the Department of Revenue.

Overview
This bill provides incentives and regulations that encourage greater energy efficiency in all aspects of new and existing buildings, including building design, energy delivery, and utilization and operations. This bill:
- Establishes energy performance standards for larger existing commercial buildings.
- Provides financial incentives and technical assistance for building owners taking early action to meet these standards.
- Enhances access to commercial building energy consumption data in order to assist with monitoring progress toward meeting energy performance standards.
- Authorizes local governments to voluntarily adopt energy codes for residential structures that achieve even greater energy savings and greenhouse gas reductions than the minimum state energy code.
- Establishes efficiency performance requirements for natural gas distribution companies.

Energy Performance Standard
By July 1, 2020, the Department of Commerce must establish a state energy performance standard for covered commercial buildings that seeks to maximize reductions in greenhouse gas emissions from the building sector. This standard does not apply to buildings that meet one of the following criteria:
- A building that did not have a certificate of occupancy for all 12 months of the calendar year prior to the established building owner compliance schedule.
- A building that did not have an average physical occupancy of at least 50 percent throughout the calendar year prior to the established building owner compliance schedule.
- The sum of the building's gross floor area minus unconditioned and semi conditioned spaces is less than 50,000 square feet.
- A building for which primary use is manufacturing or other industrial purpose.
- An agricultural structure.
- A building that meets at least one condition of financial hardship.

Incentive Program
The Department of Commerce must establish a state energy performance standard early adoption incentive program. After receiving documentation demonstrating that an owner qualifies for an incentive under this program, the Department of Commerce must authorize each entity administering incentive payments to make an incentive payment to the building owner. Beginning January 1, 2021, eligible building owners may apply for an incentive payment. The Department of Commerce must certify applications as eligible for the program and verify that there are funds available for the incentive payment. Additional certifications may not be issued if likely to result in total incentive payments exceeding $75 million.

An eligible building owner may receive an incentive payment only if these requirements are met:
- The building is a covered commercial building subject to the requirements of the established energy performance standard or the building is a multifamily residential building where the floor area exceeds 50,000 gross square feet, excluding the parking garage area.
- The building's baseline energy use exceeds its applicable energy-use intensity target by at least 15 energy-use intensity units.
- At least one electric utility, gas company, or thermal energy company providing or delivering energy to the covered commercial building is participating in the incentive program by administering incentive payments.
- The building owner complies with any other requirements the Department of Commerce has established.

Base and Additional Incentive Payments

Eligible building owners that:
- Demonstrate early compliance with the applicable energy use intensity target under the established standard may receive a base incentive payment of 50 cents per square foot of floor area.
- Qualify for the base incentive and demonstrate compliance with the applicable energy use intensity target for the next three consecutive years may receive an additional incentive payment of 35 cents per square foot of floor area.

Public Utility Tax (PUT) Credit
Light and power and gas distribution businesses are allowed a PUT credit equal to:
- Incentive payments made in any calendar year under the incentive program established by this bill.
- Documented administrative costs, not to exceed 5 percent of the incentive payments.

Credit must be claimed against PUT due for the same calendar year in which the incentive payments were made and administrative expenses incurred. Credit earned in one calendar year may not be carried forward or backward and claimed against PUT due for a different calendar year. The credit may not exceed the PUT due. Refunds may not be granted in the place of a credit.

This PUT credit expires June 30, 2032.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS
- Applications for incentive payments will be received by the Department of Commerce beginning in Calendar Year 2021.
- Based on data provided by the Department of Commerce, PUT credits will be claimed beginning in Calendar Year 2023.
- Building owner participation will increase over time.

DATA SOURCES
- Washington State Department of Commerce
- City of Seattle, Office of Sustainability & Environment, Seattle Energy Benchmarking
- Northwest Energy Efficiency Alliance, Commercial Building Stock Assessment

REVENUE ESTIMATES
This bill decreases state revenues by an estimated $1.97 million in Fiscal Year 2023, and by $4.57 million in Fiscal Year 2024, the first full year of impacted collections.

TOTAL REVENUE IMPACT:

State Government (cash basis, $000):

FY 2020 - $ 0
FY 2021 - $ 0
FY 2022 - $ 0
FY 2023 - ($ 1,971)
FY 2024 - ($ 4,568)
FY 2025 - ($ 8,502)

Local Government, if applicable (cash basis, $000): None

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:
70 taxpayers will be affected by this legislation.

FIRST YEAR COSTS:
The Department will incur total costs of $22,500 in Fiscal Year 2020. These costs include:

Labor Costs - Time and effort equates to 0.2 FTE.
- Create a special notice and update publications and web content.
- Respond to letter ruling requests and email inquiries.
- Amend one administrative rule.

SECOND YEAR COSTS:
The Department will incur total costs of $64,400 in Fiscal Year 2021. These costs include:

Labor Costs - Time and effort equates to 0.6 FTE.
- Plan and implement the new public utility tax credit.
- Set up, program and test computer system changes for a new reporting credit and modifications to research and revenue reports.

THIRD YEAR COSTS:
The Department will incur total costs of $8,400 in Fiscal Year 2022. These costs include:

Labor Costs - Time and effort equates to 0.1 FTE.
- Resolve additional error and out of balance and amended returns, conduct account examinations, respond to secure messages and correspondence, answer telephone questions, monitor reports and assist taxpayers with reporting.

ONGOING COSTS:
Ongoing costs for Fiscal Year 2023 equal $8,400 and include similar activities described in the third year costs. Time and effort equates to 0.1 FTE.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.2	0.6	0.4	0.1	0.1
A-Salaries and Wages	14,400	41,400	55,800	11,200	11,200
B-Employee Benefits	4,300	12,500	16,800	3,400	3,400
E-Goods and Other Services	2,400	6,600	9,000	1,800	1,800
J-Capital Outlays	1,400	3,900	5,300	400	400
Total $	$22,500	$64,400	$86,900	$16,800	$16,800

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
EMS BAND 4	115,593	0.0		0.0		
EMS BAND 5	135,039	0.0		0.0		
EXCISE TAX EX 3	56,256		0.1	0.1	0.1	0.1
EXCISE TAX EX 4	62,148		0.1	0.1		
IT SPEC 4	70,320		0.2	0.1		
IT SPEC 5	77,616		0.2	0.1		
MGMT ANALYST1	45,096	0.0		0.0		
TAX INFO SPEC 4	60,636	0.1		0.1		
TAX POLICY SP 2	68,580	0.0		0.0		
TAX POLICY SP 3	77,616	0.1		0.0		
TAX POLICY SP 4	83,556	0.0		0.0		
WMS BAND 3	98,308	0.0		0.0		
Total FTEs		0.2	0.6	0.5	0.1	0.1

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department will use the standard process to amend WAC 458-20-179, titled: "Public Utility Tax." Persons affected by this rule making include light and power businesses and gas distribution businesses owing public utility tax and that have made the efficiency incentive expenditures described in the bill.

Individual State Agency Fiscal Note

Bill Number: 5293 SB	Title: Energy efficiency	Agency: 179-Department of Enterprise Services

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

		FY 2020	FY 2021	2019-21	2021-23	2023-25
Account						
General Fund-State	001-1	27,200	0	27,200	0	0
	Total $	27,200	0	27,200	0	0

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☐ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 01/18/2019
Agency Preparation:	Ronell Witt	Phone: (360) 407-9321	Date: 01/22/2019
Agency Approval:	Ashley Howard	Phone: (360) 407-8159	Date: 01/22/2019
OFM Review:	Carly Kujath	Phone: (360) 902-7301	Date: 01/30/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 17 amends the current energy code to be the minimum energy code for residential buildings. This has no fiscal impact to the Department of Enterprise Services (DES).

Section 18(6)(a) is language clean up to clarify that the residential energy code is to be the minimum requirement. This has no fiscal impact to DES.

Section 18 (6)(c) is a new subsection that allows a city, town or county the option to adopt additional residential codes developed by the State Building Code Council (SBCC). This has no fiscal impact to DES.

Section 18 (9)(a) requires the State Building Code Council adopt optional efficiency appendixes by December 1, 2019. This section requires two optional appendices to reduce energy use by an additional 8 - 10 % compared to the minimum code and an optional appendix to reduce energy use by 16 - 20 % compared to the minimum code. This has fiscal impact to DES.

Section 19 is language clean up to clarify that the new measures in RCW 19.27A.160 are to yield the lowest overall cost. This has no fiscal impact to DES.

Section 20 requires electrical vehicle charging capabilities at all new buildings where parking is provided. This alteration to the electric vehicle infrastructure requirements would be routine adjustments. This has no fiscal impact to DES.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This bill requires an economic impact analysis of the residential energy code. This bill requires three codes to be provided to jurisdictions as options for adoption (section 18 (9) (a)). The State Building Code Council (SBCC) currently has one energy code, this bill would require that 2 additional codes be added (for a total of 3). An impact analysis for each of the alternative code versions would need to be completed. Economic impact analysis are done by third party contractors. The cost assumption based on past economic impact analysis is $10,000 per analysis. DES assumes a fiscal impact of $20,000 to implement 2 additional codes.

The SBCC would need to have an additional council meeting that is not part of their current schedule to implement the additional 2 appendices, the cost for one additional council meeting is $6,000.

This bill would require two additional technical meetings in FY20 to implement the two additional energy codes. One council member would need to attend each technical meeting. Travel for one member for each meeting is $600 for a total travel cost of $1,200.

Note- The SBCC is funded primarily with an appropriation from fund 084-1 the State Building Code Account. This fiscal year, the legislature increased fees to help replenish the fund balance which had declined to an unsustainable level in recent years. Given the limited experience with this new revenue we are uncertain whether fund balances will support this new level of spending. Therefore, we have proposed a General Fund State appropriation.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
001-1	General Fund	State	27,200	0	27,200	0	0
		Total $	27,200	0	27,200	0	0

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	20,000		20,000		
E-Goods and Other Services					
G-Travel	7,200		7,200		
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	27,200	0	27,200	0	0

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 5293 SB	Title: Energy efficiency	Agency: 215-Utilities and Transportation Commission

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.9	1.4	1.2	3.0	2.8
Account					
Public Service Revolving Account-State 111-1	123,294	206,443	329,737	856,079	777,371
Total $	123,294	206,443	329,737	856,079	777,371

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐ Capital budget impact, complete Part IV.

☒ Requires new rule making, complete Part V.

Legislative Contact:	Kim Cushing	Phone: (360) 786-7421	Date: 01/18/2019
Agency Preparation:	Melissa Hamilton	Phone: 360 664-1158	Date: 01/24/2019
Agency Approval:	Amy Andrews	Phone: 360-664-1228	Date: 01/24/2019
OFM Review:	Alyssa Ball	Phone: (360) 902-0419	Date: 01/30/2019

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 6: Electric and natural gas utilities must administer credit incentive payments for the state energy performance standard early adoption program consistent with rules adopted by the Department of Commerce. Utilities and Transportation Commission (UTC) assumes this will require seven tariff filings, three electric and four natural gas, within the usual course of UTC business.

Section 8: Adds a new chapter to 82.16 RCW (Public Utility Tax) to allow electric and natural gas utilities to credit incentive payments and administrative costs against public utility taxes. UTC assumes any impact will occur within the usual course of business during general rate cases.

Section 12 & 13: Requires UTC to establish natural gas biennial targets for all available, cost-effective conservation. The initial conservation target must start by 2022.

Requires UTC to establish annual minimum targets for renewable natural gas acquisition for each gas company. The initial RNG target must start by 2022. In addition, UTC must approve procedures for banking and transfer of environmental attributes.

This requires an extensive rulemaking by January 1, 2021 (over two fiscal years), to ensure proper implementation and enforcement of the sections.

Section 14: Requires natural gas companies, in the application for a certificate of public convenience and necessity, to provide an analysis of the costs of serving the expected energy requirements of customers with natural gas versus electricity in an analysis comparable to the integrated resource planning process. UTC may not issue the certificate unless natural gas service is cost effective relative to electricity.

UTC assumes it will conduct one adjudication in 2021 to address this issue.

Section 15: UTC assumes it will, by January 1, 2021, establish the methodology to adjust the social cost of carbon for inflation to use in regulatory rate impact analysis through the extensive rulemaking.

Section 16: Establishes annual utility reporting requirements to UTC and a report to the governor from the UTC every five years. UTC assumes it will review the reports on an annual basis, and that the report to the governor will be relatively simple.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

No Cash Receipt Impact.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Review and approval of conservation targets (Sec 12)

UTC approves targets each biennium beginning December 31, 2021. UTC assumes there will be two adjudicated targets and two non-adjudicated targets in the first year, and four non-adjudicated targets every other year thereafter.

FY 2022 – $328,450
Adjudicated (Asst. Dir. Conservation and Energy Planning, 0.11 FTE; Administrative Law Judge, 0.12 FTE; Commissioner, 0.02 FTE; Regulatory Analyst 2, 0.07 FTE; Regulatory Analyst 3, 0.12 FTE; Policy Advisor, 0.07 FTE; Senior Planning Manager, 0.20 FTE; Legal Assistant 2, .01 FTE)

Non-adjudicated (Asst. Dir. Conservation and Energy Planning, 0.07 FTE; Regulatory Analyst 2, 0.20 FTE; Regulatory Analyst 3, 0.20 FTE; Policy Advisor, 0.01 FTE; Senior Planning Manager, 0.01 FTE)

FY 2024 - $241,284, continues every other year thereafter
Non-adjudicated (Asst. Dir. Conservation and Energy Planning, 0.07 FTE; Regulatory Analyst 2, 0.20 FTE; Regulatory Analyst 3, 0.20 FTE; Policy Advisor, 0.01 FTE; Senior Planning Manager, 0.01 FTE)

Review and approval RNG targets (Sec 13)
UTC approves targets each year beginning December 31, 2021. UTC assumes there will be four adjudicated targets each year.

FY 2022 and every year thereafter -
$261,296 (Asst. Dir. Conservation and Energy Planning, 0.08 FTE; Administrative Law Judge, 0.08 FTE; Commissioner, 0.01 FTE; Regulatory Analyst 2, 0.03 FTE; Regulatory Analyst 3, 0.08 FTE; Policy Advisor, 0.04 FTE; Senior Planning Manager, 0.11 FTE; Legal Assistant 2, .01 FTE)

Extensive rulemaking implementing the bill (Sec 12, 13, 14, 15)
UTC assumes the rulemaking will begin in 2019 and continues through January 1, 2021 –

FY 2020 and 2021 – Split cost between the two fiscal years
$228,592 (Administrative Law Judge, 0.07 FTE; Commissioner, 0.04 FTE; Assistant Director Conservation and Energy Planning, 0.08 FTE; Director Legislation and Policy, 0.01 FTE; Paralegal 1, 0.04 FTE; Policy Advisor, 0.42 FTE; Senior Planning Manager, 0.47 FTE; Regulatory Analyst 2, 0.30 FTE; Regulatory Analyst 3, 0.13 FTE)

Application for certificate of public convenience and necessity (Sec 14)
UTC assumes one adjudication will occur in 2021.
$89,628 (Administrative Law Judge, 0.12 FTE; Commissioner, 0.02 FTE; Assistant Director Conservation and Energy Planning, 0.11 FTE; Paralegal 1, 0.01 FTE; Policy Advisor, 0.07 FTE; Senior Planning Manager, 0.18 FTE; Regulatory Analyst 2, 0.03 FTE; Regulatory Analyst 3, 0.06 FTE)

Review of utility reports (Sec 16)
UTC assumes annual reports received will require staff time for technical advice and review.
FY 2020 – $8,998 (Asst. Dir. Conservation and Energy Planning, 0.01 FTE; Regulatory Analyst 3, 0.06 FTE)
FY 2021 and every year thereafter – $2,519 (Regulatory Analyst 3, 0.02 FTE)

Report to the Legislature (sec 16)
UTC assumes one Regulatory Analyst 3 and one Policy Advisor will review utility reports received and prepare an assessment of emission reductions for the governor every five years.

FY 2025 and every five years thereafter -
$8,457 (Regulatory Analyst 3, 0.03 FTE; Policy Advisor, 0.03 FTE)

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2020	FY 2021	2019-21	2021-23	2023-25
111-1	Public Service Revolving Account	State	123,294	206,443	329,737	856,079	777,371
		Total $	123,294	206,443	329,737	856,079	777,371

III. B - Expenditures by Object Or Purpose

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years	0.9	1.4	1.2	3.0	2.8
A-Salaries and Wages	77,465	131,465	208,930	556,736	508,319
B-Employee Benefits	27,113	46,014	73,127	194,856	177,911
C-Professional Service Contracts					
E-Goods and Other Services	18,716	28,964	47,680	104,487	91,141
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total $	123,294	206,443	329,737	856,079	777,371

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2020	FY 2021	2019-21	2021-23	2023-25
Administrative Law Judge	121,452	0.0	0.2	0.1	0.4	0.3
Asst. Director, Conservation and Energy	98,088	0.1	0.2	0.1	0.5	0.5
Commissioner	127,440	0.0	0.0	0.0	0.1	0.0
Director, Legislation and Policy	113,100	0.0	0.0	0.0		
Legal Assist. 2	46,188				0.1	0.0
Paralegal 1	59,148	0.0	0.0	0.0		
Policy Advisor	106,104	0.2	0.3	0.3	0.2	0.2
Regulatory Analyst 2	75,684	0.2	0.2	0.2	0.4	0.5
Regulatory Analyst 3	85,668	0.1	0.2	0.1	0.7	0.8
Senior Planning Manager	83,700	0.2	0.4	0.3	0.7	0.5
Total FTEs		0.9	1.4	1.2	3.0	2.8

Part IV: Capital Budget Impact

NONE

No Capital Budget Impact.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Sections 12, 13, 14, and 15, require the UTC to adopt rules to implement this act. The UTC assumes an extensive rulemaking will be necessary.

The extensive rulemaking will be held between FY 2020 and FY 2021 and will entail multiple day-long workshops, development of draft and proposed rules, and multiple rounds of stakeholder comments at an estimated cost of $228,592.