

**Guidelines**

FOR THE

**Clean Buildings**

**Early Adopter Incentive Program**

Note for stakeholders – this draft is a first discussion draft.

We will be using the guidelines document to:

1. Identify elements of the incentive program that are not included in statute and need guidance to support participation in the incentive program.
2. Identify areas for stakeholder input on program design.
3. Identify resources necessary to support early compliance with the standard (such as templates, checklists, etc).

DRAFT V1, 11/3/2020

 Published XX XX, 2021

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**Glossary**

* ***Annex Z*:** Washington State Clean Buildings Standard administrative and reporting requirements
* ***Authority having jurisdiction (AHJ)*:** Washington State Department of Commerce
* ***Building owner*:** An individual or entity possessing title to a building
* ***Clean Buildings Standard:*** Published rule for Energy Efficiency in Existing Buildings adopted by the Washington state Department of Commerce pursuant to RCW 19.27A.200, 19.27A.210, and 19.27A.220
* ***Covered commercial building*:** A building where the sum of nonresidential, hotel, motel, and dormitory floor areas exceeds fifty thousand gross square feet, excluding the parking garage area
* ***Energy Star Portfolio Manager:*** EPA created ENERGY STAR Portfolio Manager®, an online tool you can use to measure and track energy and water consumption, as well as greenhouse gas emissions. Use it to benchmark the performance of one building or a whole portfolio of buildings, all in a secure online environment
* ***Energy Star Portfolio Manager ID (ESPM ID):*** Issued by Energy Star Portfolio manager for each building registered in the Energy Star Portfolio Manager online tool
* ***Energy use intensity (EUI)*:** A measurement that weather normalizes a building's site energy use relative to its size. A building's energy use intensity is calculated by dividing the total net energy consumed in one year by the gross floor area of the building, excluding the parking garage. "Energy use intensity" is reported as a value of a thousand British thermal units per square foot per year
* ***Energy use intensity target (EUIt)*:** The net energy use intensity of a covered commercial building that has been established for the purposes of complying with the standard
* ***Form A*:** Annex Z6.1, Compliance with Standard 100
* ***Form B:*** Annex Z6.2, Building activity and energy use intensity target (EUIt)
* ***Form C***: Annex Z6.3, Energy-Use intensity Calculations
* ***Gross floor area*:** The total number of square feet measured between the exterior surfaces of the enclosing fixed walls of a building, including all supporting functions such as offices, lobbies, restrooms, equipment, storage areas, mechanical rooms, break rooms, crawl spaces and elevator shafts. Gross floor area does not include outside bays or docks

# Incentive Program Basis

## Overview

The [Clean Buildings Bill](https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Furldefense.com%2Fv3%2F__https%3A%2F%2Fgcc02.safelinks.protection.outlook.com%2F%3Furl%3Dhttps*3A*2F*2Furldefense.com*2Fv3*2F__https*3A*2Fwww.commerce.wa.gov*2Fgrowing-the-economy*2Fenergy*2Fbuildings*2F__*3B!!Mvcv3krsorL1HA!mBV_rFlDEA7x1JT2cR9VnnNXXA2_k-g8BWralorlhL3xU2sj8hR9Ix8HXHVdlc6wchU*24%26data%3D04*7C01*7Canna.batie*40commerce.wa.gov*7Cb81a967fd507493ff55408d87a9e9bcf*7C11d0e217264e400a8ba057dcc127d72d*7C0*7C0*7C637394169536511648*7CUnknown*7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0*3D*7C1000%26sdata%3DIaUZsxQM3KHsFI6EoJY45tTZhLGMOZsWvy0QEVdywKc*3D%26reserved%3D0__%3BJSUlJSUlJSUlJSUlJSUlJSUlJSUlJSUlJSU!!Mvcv3krsorL1HA!hntqBlJ8HqhtNq-LlJeTJP9Ma6Iq23jxairNv-O4Q8XDQwo56zz_a-eFdXi99NMqaaU%24&data=04%7C01%7Canna.batie%40commerce.wa.gov%7Ce48888ea40b74306add708d87aa3fd9f%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637394192490302421%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=wveXuhTue6qEAwkTRG0D%2B2bXp2z6gWExvPWXHEGH0lg%3D&reserved=0) was passed in the 2019 legislative session, and requires that all covered commercial buildings comply with a state energy performance standard. The intent of the bill is to reduce greenhouse gas emissions and energy consumption in large commercial buildings. Mandatory compliance with the standard is staggered by building size.

In addition, the law creates an Early Adopter Incentive Program, which is open to multifamily buildings and to covered commercial buildings subject to mandatory compliance.  This Early Adoption Incentive Program will provide incentives that encourage early compliance with the *Clean Buildings Standard* and energy efficiency in all aspects of new and existing buildings, including building design, energy delivery, and utilization and operations.

For information about mandatory compliance, please see [RCW 19.27A.210](https://app.leg.wa.gov/RCW/default.aspx?cite=19.27A.210#:~:text=(1)(a)%20By%20November,emissions%20from%20the%20building%20sector.), which establishes the *Clean Buildings Standard*, and <https://www.commerce.wa.gov/growing-the-economy/energy/buildings/>. This program guideline document addresses the Early Adopter Incentive Program only.

## Authorizing Statute and Fund Sources

RCW 19.27A.220, provide incentives and regulations that encourage energy efficiency in all aspects of new and existing buildings, including building design, energy delivery, and utilization and operations.

RCW 19.27A.220 (6) An eligible building owner that demonstrates early compliance with the applicable energy use intensity target under the standard established under RCW 19.27A.210 may receive a one-time base incentive payment of eighty-five cents per gross square foot of floor area, excluding parking, unconditioned, or semi-conditioned spaces.

RCW 19.27A.320 limit on Early Adoption Incentive Payments. Incentive funds are limited to seventy-five million dollars. Commerce will not qualify incentives beyond seventy-five million dollars.

## Notification

By July 1, 2021, Commerce must provide the owners of *covered commercial buildings* notification of the *Clean Buildings Standard* requirements and a unique Building ID issued by Commerce.

With this notification, Commerce will inform owners of *covered commercial buildings* and multifamily buildings exceeding 50,000 square feet of *gross floor area* of the Early
Adopter Incentive Program.

If a building owner is not notified and believes they own a *covered commercial building* or eligible multifamily building, they may contact Commerce to confirm eligibility and receive a unique Building ID.

Commerce will provide a link to the Clean Buildings reporting and management database. There you will able to:

• Apply for Early Adopter Incentive Program

• Track the status of applications

• Manage your Clean Buildings profile and contact information

• Update building/parcel data

\*Normative Annex Z.1.1

## Incentive Terms

Each qualifying utility serving over 25,000 customers must administer incentive payments for the Clean Buildings Standard Early Adoption Incentive Program established in RCW 19.27A.220 on behalf of its customers who are eligible building owners of *covered commercial buildings* or multifamily residential buildings.

Any thermal energy company, electric utility, or gas company not otherwise required to administer incentive payments may voluntarily participate by providing notice to Commerce.

Upon receiving notification from Commerce that a building owner has achieved and verified full compliance with the Standard and incentive program requirements, each participating utility shall administer payment of incentive to the building owner(s).

When a building served by more than one participating utility, incentive payments must be proportional to the *energy use intensity reduction* of the participating utility’s fuel.

# Elibility

## Eligible Buildings

Commerce must adopt application and reporting requirements for the incentive program. Building energy reporting for the incentive program must be consistent with the energy reporting requirements established under the *Clean Buildings Standard*.

Buildings eligible to apply for the Early Adopter Incentive Program are:

1. Covered *commercial buildings* as defined by the Clean Buildings Standard and multi-family residential buildings with over 50,000 square feet of gross floor area.
2. A baseline energy use intensity that exceeds its applicable energy use intensity target (*EUIt*) by at least fifteen kBtu per square foot per year.
3. Eligible buildings must be served by at least one electric utility, gas company, or thermal energy company participating in the Clean Buildings Early Adopter Incentive Program.

Buildings must comply with all applicable laws, ordinances, codes, regulations and policies identified in the Clean Buildings Standard.

# Early Adopter Incentive Application

Applicant process, descriptions and the application will be available on the Clean Buildings website.

## Application Schedule

*Covered commercial* building owners and owners of multifamily buildings that exceed 50,000 square feet of gross floor area may submit applications according to the following schedule:

1. For a building with more than two hundred twenty thousand, gross square feet, beginning July 1, 2021, through June 1, 2025.
2. For a building with more than ninety thousand gross square feet but less than two hundred twenty thousand and one gross square feet, beginning July 1, 2021, through June 1, 2026.
3. For a building with more than fifty thousand gross square feet but less than ninety thousand and one gross square feet, beginning July 1, 2021, through June 1, 2027.

Schedule subject to adjust based on available funding.

## Pre Application Requirements (Self Qualification)

* The building shall be a *covered commercial* or multifamily building over 50,000 sf of gross floor area in order to qualify for the Early Adopter Incentive and be 15 EUI over the target established by building type.
* The building must be served by at least one electric utility, gas company, or thermal energy company participating in the Clean Buildings Early Adopter Incentive Program.
* Prior to applying, building owners must complete the following steps:
	+ Confirm the buildings weather normalized *EUI* is 15 kBtu/sf greater than the buildings *EUIt*
	+ Confirm *EUI* eligibility by completing:
	+ Form C (Benchmarking)
	+ Form B (Building activity and energy use intensity target)
	+ Create an *Energy Star Portfolio Manager* (ESPM) account
		- * Automate utility data upload
				+ Provide ESPM ID and utility data upload access to all energy utilities serving the building
		- Select Share (or edit access to) a property to allow Commerce access to ESPM data as per Clean Buildings Standard.
		- Set up web services/data exchange
		- Enter building characteristics

## Application Requirements

Application for the Early Adopter Incentive will be completed and submitted to Commerce electronically in a format created by Commerce. Applications will include, but not be limited to, the following information:

* + WA State Building ID
	+ Parcel ID
	+ Portfolio Manager Account ID
		- Building Improvement Plan completed and uploaded through Commerce’s Clean Buildings Database demonstrating that the buildings proposed *EUI* is equal to or less than the target established by the Clean Buildings Standard.
		- Documents required:
			* Form C
			* Form B
				+ Audit data submitted using Department of Energy Building Energy Asset Score Audit Template
			* Summary of proposed improvements
				+ Existing Weather normalized *EUI*
				+ EUIt
				+ Proposed EEMs
				+ Calculated post implementation *EUI*
				+ Proposed implementation completion date
				+ Proposed Measurement and Verification date
				+ Proposed Clean Buildings Standard compliance date
	+ List or all energy utility companies serving building

## Equitable and Inclusive Early Adopter Incentive Plan

### Intent

Commerce strives to create a diverse, equitable and inclusive Early Adoption Incentive Program. The intent is to expand participation and opportunities across a broad range of businesses across the State. We believe that investing in energy efficiency will assist businesses in lowering energy cost, cut carbon emission, and strengthen local communities. To increase the equitable distribution of resources and funding, the Incentive Program has set aside XX % of the funding for the first two years of the Early Adopter Incentive Program. During the application process, building owners will have the opportunity to identify themselves through the inclusion plan and submit supporting documents where applicable.

###  Criteria

Building owners that fall under following criteria are eligible for inclusive incentive reservation:

 *To be determined through collaboration with stakeholders.*

### Documentation

Use the Commerce Incentive Application

*To be determined based on criteria input from stakeholders*

## Submitting an Early Adopter Incentive Application

All applications and supporting documentation shall be submitted through Commerce’s Clean Buildings Database.

### How to Submit an Application

1. Confirm eligibility under 3.2 Pre-Application Requirement (Self-Qualification).
	1. Submit one application per covered commercial or multifamily residential building exceeding 50,000 square feet of gross floor area.
	2. Submit all supporting documents listed under Section 3.3 through Commerce’s Clean Buildings Database.

### Verification of Application

1. Commerce will send an email verification of receipt of an Incentive Application.
2. Commerce will verify the documents outlined under Section 3.3.
	1. Commerce will notify applicants of any missing documentation.

### Approval or Denial

1. Commerce will email approved applicants with a notice of incentive reservation and further instruction to:
	1. Implement building improvement plan as documented in application.
	2. Implement all applicable requirements of the Clean Buildings Standard.
2. Commerce will email the denied applicant with a notice:
	1. To correct or revise application and supporting documentation outlined under Section 3.3.
	2. Resubmit documentation.
	3. Qualifications are not met.
		1. Applicant may submit a request to re-review.
		2. Annex Z5.8.1-4 request a hearing, a building owner may request an administrative hearing to appeal a denial and release of incentive reservation

### Utility Notification

1. Commerce will produce the incentive calculation of a base incentive payment of eighty-five cents per square foot of gross floor area, excluding parking, unconditioned, or semi-conditioned spaces as defined by the Clean Buildings Standard.
2. Commerce will notify each applicable utility administering incentive payments of approved incentive applications for incentive reservation.
3. Administering utility will confirm incentive calculation and approve funds reservation.

### Approved Incentive Reservation

1. Commerce will notify the applicant of the calculated base incentive payment.
2. Commerce will hold the Incentive Reservation for thirty-six months.

# Implementation Schedule

## Implementation Requirements

1. Within 18 months, applicant must provide:
	1. Verification of implementation of all EEMs and building improvement plan approved and documented in application.
2. Within 18 months of implementation of EEMs and building improvement plan applicant must provide:
	1. Measurement and Verification documentation.
	2. Documentation of implemented Energy Management Plan and Operations and Maintenance requirements.
3. Communicate any application variations to Commerce for approval.

### Utility Notification

1. Commerce will notify each applicable utility administering incentive payments of implementation schedule.

# Reporting Requirements

## Reporting Requirements

1. Within 36 months of approved reservation incentive building owners must provide the following documentation to verify that the building weather normalized EUI is less than the building EUIt and that the Energy Management Plan is complete and being implemented.
	1. Z6.1 Compliance with Standard 100 (*Form A*)
	2. Z6.2 Building activity and *energy use intensity target* (*EUIt*)(*Form B*)
	3. Z6.3 Energy-Use intensity Calculations (*Form C*)

# Meeting Target EUIt

## EUIt and Clean Buildings Standard Requirements are Met

* 1. Commerce reviews revised Measurement and Verification Report and Revised EUIt.
	2. Commerce will notify applicant of compliance.

### Utility Notification

1. Notify applicable utility administering incentive payments compliance is met and to proceed toward administering incentive payment.

## EUIt and Clean Buildings Standard Requirements are Not Met

1. Commerce will notify applicant EUIt does not meet early compliance.
2. Applicant may appeal and provide documentation to support compliance.
	1. Applicant may submit a request to re-review.
	2. Annex Z5.8.1-4 request a hearing, a building owner may request an administrative hearing to appeal a denial and release of incentive reservation.
3. Commerce will release the incentive reservation and the building is placed on a waitlist if there are incentive funds remaining.

### Utility Notification

1. Notify applicable utility administering incentive payments of reservation release or waitlist placement.

# Incentive Payment

## Notification

1. Commerce notifies applicable utility administering incentive payments of the calculated one-time Clean Buildings Early Adopter Incentive Payment.
	* Payment to buildings served by multiple utility companies will be weighted on the ratio of annual energy each utility provides to the building to the total annual energy the building consumes.
2. Utilities document payment, plus administrative cost.
3. Utilities notify WA Department of Revenue to apply a credit against (Public Utility Tax) PUT liability.

# Close Out

### Utility Notification

1. Utility notifies Commerce of issued incentive payment.
2. Commerce closes incentive file.