

# Clean Buildings

Early Adopter Incentive Program

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OCTOBER 29, 2020



Washington State  
Department of  
**Commerce**

# Agenda



## Incentives Guidelines & Development Webinar

October 29, 2020, 10:00am- 11:30 am

### Meeting Objectives

- ✓ Overview of work to date
- ✓ Review draft language – Incentive Guidelines
  - Questions and gather feedback
- ✓ Utility Coordination

### Welcome – 10:00 a.m.

10:00 a.m. – 10:10 a.m.

- Introductions
- Overview of work to date

10:10 a.m. – 11:00 a.m.

- Review Incentive Guidelines draft language
- Questions

11:00 a.m. – 11:20 a.m.

- Utility Coordination and discussion

11:20 a.m. – 11:30 a.m.

- Question and answers
- Next steps
  - Submit comments on Diverse Incentive Inclusion Plan
  - Next meeting

### Adjourn – 11:30 a.m.

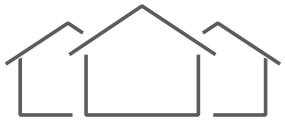
# Team Commerce

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- Managing Director, Buildings Program – Emily Salzberg
  - Policy Specialist – Chuck Murray
  - Technical Lead – Luke Howard
  - Buildings Data Lead – Anna Batie
  - Administrative Coordinator – Annalyn Bergin
  - Incentive Program Manager – Anneka McDonald
  - Appliance Standard Manager – Brittany Wagner
  - Energy Rules and Legislative Coordinator – Austin Scharff
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- Webpage: [www.commerce.wa.gov/buildings](http://www.commerce.wa.gov/buildings)
  - Email: [buildings@commerce.wa.gov](mailto:buildings@commerce.wa.gov)

# We strengthen communities

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**HOUSING  
HOMELESSNESS**



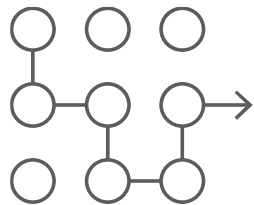
**INFRASTRUCTURE**



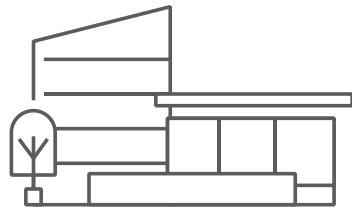
**BUSINESS  
ASSISTANCE**



**ENERGY**



**PLANNING**



**COMMUNITY FACILITIES**



**CRIME VICTIMS &  
PUBLIC SAFETY**



**COMMUNITY  
SERVICES**

# Instructions for Commerce

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## RCW 19.27a.210

On May 7, 2019 the Clean Buildings bill (HB 1257, 2019) was signed into law. The objective is to lower costs and pollution from fossil fuel consumption in the state's existing buildings, especially large commercial buildings.

The law requires the Washington State Department of Commerce to develop and implement an energy performance standard for these buildings and provide incentives to encourage early adoption.

# Energy Performance Standard for Existing Buildings

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- Applies to non-residential, hotel, motel, and dormitory buildings greater than 50,000 SF
- Compliance is a building owner obligation
- Rules final by Nov. 2020
- Commerce notifies building owners by July 1, 2021
- Early Adopter Incentive program begins July 1, 2021
- Multi-family apartments are also included in the incentive program
- Mandatory Requirements begin 2026-2028

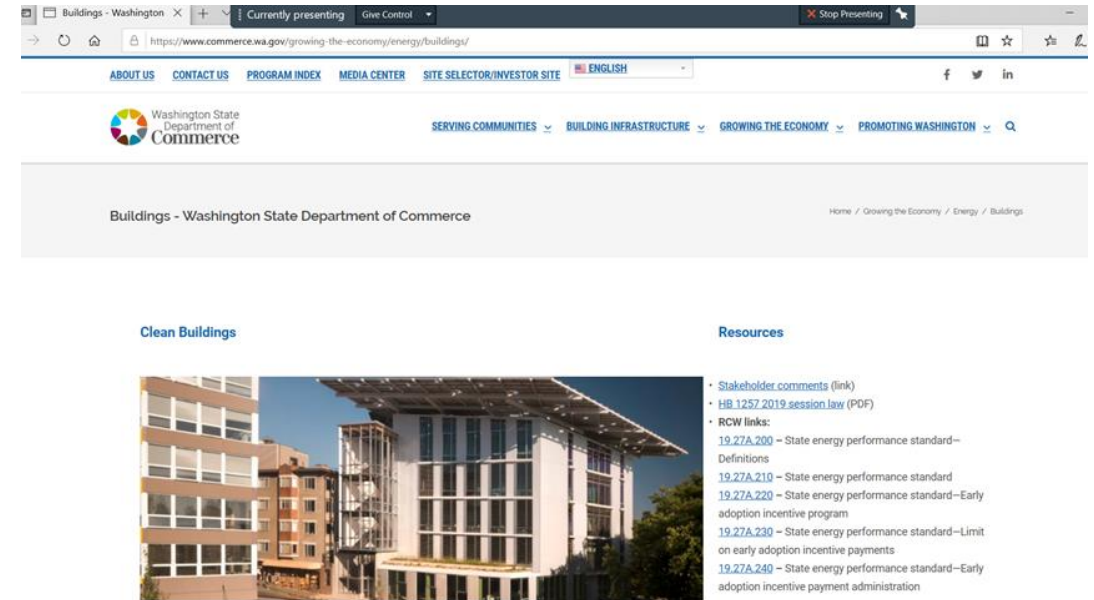
# Update on Rules

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- 2019-2020 Stakeholder engagement
- CR-102: Adopt with modifications ASHRAE Standard 100
  - Sections 1, 2 and 3 – Purpose, Scope and Definitions
  - Section 4 – Compliance Requirements
  - Sections 5 & 6 – Energy Management Plan & O&M Requirements
  - Sections 7, 8 & 9 – Benchmarking, Energy Audit, and EEM implementation and M&V
  - Annex Z – Administrative Procedures
  - Annex X – Investment Criteria
- CR-103: Adoption of proposed rules
- Next steps

# Clean Buildings Web Page

- Incentive Workshop Schedules
- Agendas
- Meeting Minutes
- Meeting Recordings
- Meeting Presentations
- [www.commerce.wa.gov/buildings](http://www.commerce.wa.gov/buildings)





# Commerce Early Adopter Incentive Program

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- **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 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.

# Utility Role

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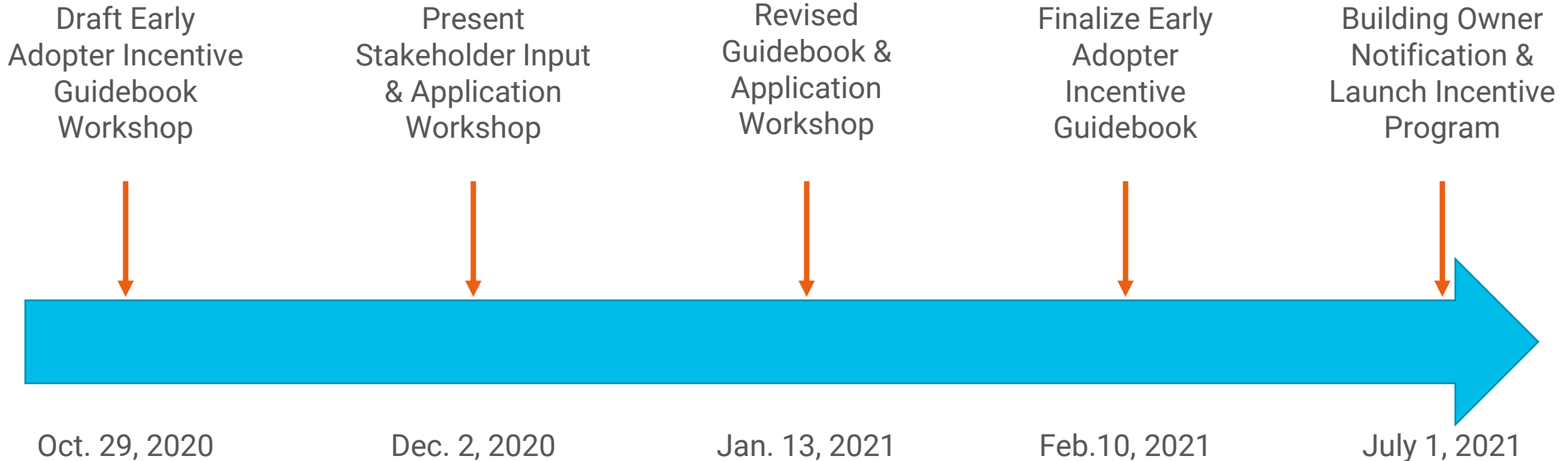
- [RCW 19.27a.170, Benchmarking.](#)
  - Utilities provide energy consumption data to building owners upon request.
  - Large utilities (greater than 25,000 customers) are required to provide this data using Energy Star Portfolio Manager's automated upload protocol and participate in the Early Adopter Incentive Program.
  - Smaller utilities are to provide the data to building owners in an excel document, meeting Energy Star Portfolio Manager specifications, participation in the Early Adopter Incentive program is voluntary.

# Incentive Guidebook Contents

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- Incentive Program Basis
- Eligibility
- Early Adopter Incentive Application
- Equitable and Inclusive Incentive Inclusion Plan
- Implementation Schedule
- Reporting Requirements
- Meeting Target EUIt
- Incentive Payment
- Close Out

# 2020-2021 Schedule



\* More workshops will be scheduled as needed.

# Notification & Schedule

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- 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.
  - Initial notification will be mailed to building owners identified in county parcel data.
- Commerce will provide a link to the Clean Buildings reporting and management system.
  - Apply for Early Adopter Incentive Program
  - Track the status of applications
  - Manage your CB profile and contact information
  - Update building/parcel data

# Eligibility

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- Buildings eligible to apply for the early adopter incentive program are:
  - 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.
  - A baseline energy use intensity that exceeds its applicable energy use intensity target (EUI<sub>t</sub>) by at least fifteen kBtu per square foot per year.
  - 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.
    - Large utilities (greater than 25,000 customers) are required to participate in the Early Adopter Incentive Program.
    - Smaller utilities participation in the Early Adopter Incentive program is voluntary.

# Incentive Plan

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- **Equitable and Inclusive Early Adopter Incentive Program:**
  - Create a diverse, equitable and inclusive early adopter incentive program.
  - Fill in the gaps to expand participation and opportunities across a broad range of businesses.
  - Increase equitable distribution of resources.
- **Stakeholder Input & Community Engagement**

# Application Requirements

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- WA State Building ID
  - Parcel ID
  - Portfolio Manager Account ID
  - Building Improvement Plan
- Documents required:
- Form C
    - Existing Weather normalized EUI
  - Form B
    - EUI<sub>t</sub>
  - Calculated post implementation EUI
  - Building Energy Asset Score Audit Template
- Summary of proposed improvements
  - Proposed EEMs
  - Proposed implementation completion date
  - Proposed Measurement and Verification date
  - Proposed Clean Buildings Standard compliance date
  - Diverse Incentive Inclusion qualification(s)
  - List of all energy utility companies serving building



# Implementation Schedule

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- Within 18 months, applicant must provide:
  - Verification of implemented EEM(s)
- Within 18 months of EEM implementation applicant must provide:
  - Measurement and Verification documentation.
  - Documentation of implemented Energy Management Plan and Operations and Maintenance requirements.

# Reporting Requirements

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- Within 36 months the applicant provides documentation:
  - Z6.1 Compliance with Standard 100 (Form A)
  - Z6.2 Building activity and energy use intensity target (EUI<sub>t</sub>)(Form B)
  - Z6.3 Energy-Use intensity calculations (Form C)

# EUIt and Clean Buildings Standard Requirements are Met

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- Commerce reviews revised Measurement and Verification Report and Revised EUIt.
- Commerce will notify applicant of compliance.

# EUIt and Clean Buildings Standard Requirements are Not Met

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- Commerce will notify applicant EUIt does not meet early compliance.
- Applicant may appeal and provide documentation to support compliance.
  - Applicant may submit a request to re-review.
  - 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.
- Commerce will release the incentive reservation and the building is placed on a waitlist if there are incentive funds remaining.

# Utility Coordination

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- Notifying Utilities of Approved Applications
  - 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.
  - Commerce will notify each applicable utility administering incentive payments of approved incentive applications for incentive reservation.
  - Administering Utility will confirm Incentive Calculation and approve reservation.

# Utility Coordination

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- **EUIt and Clean Buildings Standard Requirements are Met**
  - Notify applicable entity administering incentive payments compliance is met and to proceed toward administering incentive payment.
- **EUIt and Clean Buildings Standard Requirements are Not Met**
  - Commerce will notify applicable entity administering incentive payments of reservation release or waitlist placement.

# Utility Coordination

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- **Incentive Payment**

- Commerce notifies applicable utility administering incentive payments to issue the calculated one-time base incentive payment.
- Utilities document payment, plus administrative cost.
- Utilities notify WA Department of Revenue to apply a credit against PUT liability.
  - Email: [dorteateam2@dor.wa.gov](mailto:dorteateam2@dor.wa.gov)
  - Phone number: (360) 705-6218
  - Current program lead (subject to change): Jennifer Parisien

- **Close Out**

- Utility notifies Commerce of issued incentive payment.

# Utility Discussion

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- **Utility Incentive Programs**
  - Does our process change when a building owner pursues EAI & utility incentives?
  - Utilities do: Review usage history, help develop projects, & estimate savings
  - Utilities don't: Specify products, perform ASHRAE level 2 audits, or guarantee savings
- **Building Owner vs. Utility Account Holder(s)**
  - Current process allows for payment to utility account holder or their designee via W-9
  - Property manager, building maintenance & tenant roles
  - Link between paying the building owner & tax credits
- **Considering an EUI-based, whole-building incentive program**



# Topics to Explore

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- Discuss complexities when there is fuel-switching when there are 2 or more utilities involved.
- Timeline from when Commerce has approved a project – to notifying the utility (and what info will be provided) – to project completion & verification – to notifying the utility for payout?
- Utility contacts. What each role would be contacted for, and whether we can have multiple people in 1 role.
- What do you do if your utility doesn't participate?
- Proportion of the incentive paid by each utility?
- Unresolved questions?

# Incentive Plan

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- The incentive program is for early adoption of the standard which was developed through rulemaking. What elements of the incentive program do we need to explore and discuss in future workshops and/or comment periods (that otherwise aren't included in statute or rule)?
- Commerce discussed the importance of creating an equitable and inclusive Early Adopter Incentive Program. The intent is to expand access to participation and opportunities to a broad range of building owners and geographies in the State. What should be considered for discussion and development in subsequent workshops and community engagement?

# Next Steps

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- Submit comments on the Early Adopter incentive program guidelines by November 18 to [buildings@commerce.wa.gov](mailto:buildings@commerce.wa.gov).
- Submit input and qualifications on the Equitable and Inclusive Early Adopter Incentive Plan by November 18 to [buildings@commerce.wa.gov](mailto:buildings@commerce.wa.gov).
- Attend the December 2, 2020 webinar to review the proposed input and comments.
- Attend the January 13, 2021 webinar to review and finalize the Early Adopter Incentive Guidebook.
- Don't forget to visit the Clean Buildings web page and sign up for program updates at [buildings@commerce.wa.gov](mailto:buildings@commerce.wa.gov).

# Thank you!



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