

A-Engrossed
House Bill 2876

Ordered by the House May 2
Including House Amendments dated May 2

Sponsored by Representative WITT; Representatives BONAMICI, BRUUN, DALLUM, JENSON, MACPHERSON, SCHAUFLEER, SHIELDS, TOMEI

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Directs State Department of Energy to investigate means to reduce energy consumption in state-owned or state-funded buildings and school district buildings.]

[Requires department to prepare plan for submission to Governor for making state-owned or state-funded buildings and school district buildings more energy efficient and installing renewable energy systems.]

[Directs department to encourage public bodies and municipal corporations to apply for funding to implement energy efficiency and renewable energy projects.]

[Expands definition of "eligible state agency" to include all public bodies for purposes of statutes relating to small scale local energy projects.]

Requires state agency authorized to finance construction, purchase or renovation of structures used by state to reduce by June 30, 2015, amount of energy agency uses in facility by 20 percent from amount agency used in 2000. Requires agency to prepare plan for meeting energy reduction requirement and to report periodically to State Department of Energy concerning energy use. Requires agency that fails to meet 20-percent energy reduction requirement on and after June 30, 2015, to submit biennial energy conservation plans to department.

Requires department to prequalify prospective bidders or proposers to submit bids or proposals for certain services related to energy as options for agency to evaluate for meeting energy reduction requirement.

A BILL FOR AN ACT

1
2 Relating to energy projects; amending ORS 276.900, 276.905 and 276.915.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 276.900 is amended to read:

5 276.900. It is the policy of the State of Oregon that facilities to be constructed or purchased by
6 authorized state agencies be designed, constructed, renovated and operated so as to minimize the
7 use of *[nonrenewable]* energy resources and to serve as models of energy efficiency.

8 **SECTION 2.** ORS 276.905 is amended to read:

9 276.905. As used in ORS 276.900 to 276.915, unless the context requires otherwise:

10 (1) "Alternative energy system" means solar, wind, geothermal, heat recovery or other systems
11 which use a renewable resource and are environmentally sound.

12 (2) "Authorized state agency" means any state agency, board, commission, department or divi-
13 sion that is authorized to finance the construction, purchase or renovation of buildings or other
14 structures to be used by the State of Oregon.

15 (3) "Cost-effective" means that an energy resource, facility or conservation measure during its
16 life cycle results in delivered power costs to the ultimate consumer no greater than the comparable
17 incremental cost of the least cost alternative new energy resource, facility or conservation measure.

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 Cost comparison shall include, but need not be limited to:

- 2 (a) Cost escalations and future availability of fuels;
- 3 (b) Waste disposal and decommissioning costs;
- 4 (c) Transmission and distribution costs;
- 5 (d) Geographic, climatic and other differences in the state; and
- 6 (e) Environmental impact.

7 (4) "Energy conservation measure" means a measure primarily designed to reduce the use of
8 [nonrenewable] energy resources in a state-owned facility.

9 (5) "Energy consumption analysis" means the evaluation of all energy systems and components
10 by demand and type of energy including the internal energy load imposed on a major facility by its
11 occupants, equipment and components and the external energy load imposed on a major facility by
12 the climatic conditions of its location. "Energy consumption analysis" includes, but is not limited
13 to:

14 (a) The comparison of a range of alternatives that is likely to include all reasonable, cost-
15 effective energy conservation measures and alternative energy systems;

16 (b) The simulation of each system over the entire range of operation of a major facility for a
17 year's operating period;

18 (c) The evaluation of energy consumption of component equipment in each system considering
19 the operation of such components at other than full or rated outputs; and

20 (d) The consideration of alternative energy systems.

21 **(6) "Energy savings performance contract" has the meaning given that term in ORS**
22 **279A.010.**

23 [(6)] (7) "Energy systems" means all utilities, including but not limited to heating, air condi-
24 tioning, ventilating, lighting and the supply of domestic hot water.

25 [(7)] (8) "Major facility" means any state-owned building having 10,000 square feet or more of
26 usable floor space.

27 [(8)] (9) "Renovation" means any addition to, alteration of or repair of a facility which will in-
28 volve addition to or alteration of the facility's energy systems, provided that the affected energy
29 systems account for 50 percent or more of the facility's total energy use.

30 **SECTION 3.** ORS 276.915 is amended to read:

31 276.915. (1) An authorized state agency may construct or renovate a facility only if the author-
32 ized state agency determines that the design incorporates all reasonable cost-effective energy con-
33 servation measures and alternative energy systems. The determination by the authorized state
34 agency shall include consideration of indoor air quality issues and operation and maintenance costs.

35 (2) Whenever an authorized state agency determines that any major facility is to be constructed
36 or renovated the agency shall cause to be included in the design phase of the construction or ren-
37 ovation a provision that requires an energy consumption analysis identifying all reasonable cost-
38 effective energy conservation measures and alternative energy systems to be prepared for the
39 facility under the direction of a professional engineer, [or] a licensed architect **or a person that**
40 **is prequalified under subsection (8) of this section.** The authorized agency and the State De-
41 partment of Energy shall agree to the list of energy conservation measures and alternative energy
42 systems to be analyzed. The analysis and facility design shall be delivered to the State Department
43 of Energy during the design development phase of the facility design. The State Department of En-
44 ergy shall review the analysis and forward its findings to the authorized state agency within 10
45 working days after receiving the analysis, if practicable.

1 (3) The State Department of Energy, in consultation with the Oregon Department of Adminis-
 2 trative Services and the Oregon University System, shall adopt rules to carry out the provisions of
 3 ORS 276.900 to 276.915. These rules shall:

4 (a) Include a simplified and usable method for determining which energy conservation measures
 5 and alternative energy systems are cost-effective. The method shall reflect the energy costs of the
 6 utility serving the facility.

7 (b) Prescribe procedures for determining if a facility design incorporates all reasonable cost-
 8 effective energy conservation measures and alternative energy systems.

9 (c) Establish fees through which an authorized state agency will reimburse the State Department
 10 of Energy for its review of energy consumption analyses and facility designs and its reporting tasks.
 11 Such fees imposed shall not exceed 0.2 percent of the capital construction cost of the facility. The
 12 fees shall be included in the energy consumption analysis required in subsection (2) of this section.
 13 The State Department of Energy may provide for a waiver of fees and reviews if the authorized state
 14 agency demonstrates that the facility will be designed and constructed in a manner that incorpo-
 15 rates only cost-effective energy conservation measures or in a manner that exceeds the energy
 16 conservation provisions of the state building code by 20 percent or more.

17 (d) Periodically define highly efficient facilities. A facility constructed or renovated after June
 18 30, 2001, shall exceed the energy conservation provisions of the state building code by 20 percent
 19 or more, unless otherwise required by rules adopted under this section.

20 **(e) Establish guidelines for preparing the plan required under subsection (5) of this sec-**
 21 **tion.**

22 *[(e)]* **(4) [Require an authorized state agency to] An authorized state agency by June 30, 2015,**
 23 **shall** reduce the amount of *[use of nonrenewable]* energy **the authorized state agency uses in a**
 24 **facility** by at least *[10]* **20** percent from the amount *[used by the state agency]* **the authorized state**
 25 **agency used** in the 2000 calendar year.

26 **(5) An authorized state agency by January 1, 2009, shall prepare a plan for meeting the**
 27 **requirement of subsection (4) of this section. The plan shall:**

28 **(a) Establish a timeline, with interim goals, for meeting the requirement set forth in**
 29 **subsection (4) of this section; and**

30 **(b) Evaluate options for meeting the requirement set forth in subsection (4) of this sec-**
 31 **tion. Options in the plan may include, but are not limited to:**

32 **(A) Energy audits;**

33 **(B) Energy management services and control systems;**

34 **(C) Capital improvements;**

35 **(D) Operations and maintenance procedures;**

36 **(E) Building commissioning; and**

37 **(F) Energy savings performance contracts.**

38 **(6) An authorized state agency shall report periodically to the State Department of En-**
 39 **ergy concerning energy use in the authorized state agency's facilities. The State Department**
 40 **of Energy shall specify the form, content and frequency of the reports.**

41 *(7) [The State Department of Energy shall require state agencies]* **An authorized state agency**
 42 **that [fail] fails** to achieve and maintain a 10-percent reduction **in energy use** on and after June 30,
 43 2003, **or a 20-percent reduction in energy use on and after June 30, 2015, shall [to]** submit
 44 biennial energy conservation plans to the State Department of Energy. The State Department of
 45 Energy shall specify the form and content of the energy conservation plans.

1 **(8) The State Department of Energy shall prequalify prospective bidders or proposers to**
2 **submit bids or proposals for energy audits, energy management, building commissioning,**
3 **energy savings performance contracts or related services described in subsection (5) of this**
4 **section as options for an authorized state agency to evaluate for meeting the requirement**
5 **set forth in subsection (4) of this section.**

6 **(9) The State Department of Energy may recover from authorized state agencies the**
7 **costs associated with administering the provisions of this section, including costs associated**
8 **with adopting rules, maintaining a state energy use database, prequalifying bidders or**
9 **proposers under subsection (8) of this section and providing assistance with and review of**
10 **plans required under subsection (5) of this section.**

11 [(4)] **(10) The State Department of Energy, the Oregon Department of Administrative Services**
12 **and the Oregon University System shall jointly prepare a biennial report summarizing the progress**
13 **toward achieving the goals of this section. The biennial report shall be made available to the public.**

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