

HB 2496 -5 STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Prepared By: Misty Freeman, LPRO Analyst

Meeting Dates: 3/28, 4/2

WHAT THE MEASURE DOES:

Adds battery storage that is part of a solar or geothermal energy system on the site of a public building to the definition of "green energy technology" in ORS 279C.527. Reduces threshold to 10 percent reduction of energy use for passive solar energy building design to meet the definition of "green energy technology." Defines "total contract price" for the construction, reconstruction, or major renovation of a public building. Authorizes certain expenditures by a contracting agency in addition to green energy technology, or as an alternative if green energy technology is determined to be inappropriate, for all or a portion of the 1.5 percent of the contract price for green energy technology as a part of a public improvement contract, including improving energy use efficiency through designing, engineering, constructing, reconstructing, or renovating the public building to reduce or offset energy use; improving energy use efficiency by installing or preparing the public building for the installation of devices, technologies, or other measures to reduce or offset energy use; or including woody biomass energy technology as a new source of energy for the public building. Clarifies that for green energy technology constructed at a site away from a public building, but for energy use at a public building, battery storage does not qualify. Clarifies that a contracting agency is to make a determination as to whether green energy technology is appropriate for a public improvement contract in writing, and requires, for a site on which the contracting agency intends to install solar energy for space or water heating, that the determination includes the results of an analysis of the total solar resource fraction available for use at the site, which may be deemed appropriate if the total solar resource fraction exceeds 75 percent. Requires contracting agency that determines green energy technology is not appropriate for a public improvement contract and that chooses not to make energy efficiency or woody biomass expenditures to expend an amount equal to at least 1.5 percent of the contract price on green energy technology or energy efficiency or woody biomass expenditures on a future project, above and beyond any requirements for such expenditures for the future project. Authorizes a contracting agency to enter into an agreement with another contracting agency to pool resources or share costs related to green energy technology or energy efficiencies in the construction, reconstruction, or major renovation of a public building. Requires the Director of the Oregon Department of Consumer and Business Services (DCBS) or a municipality to verify administration and enforcement of the state building code to determine whether a contracting agency has complied with the requirements in ORS 279C.527, and to do the same as part of a speciality code plan review for a public building. Establishes that provisions in the Act apply to procurements that a contracting agency first advertises, solicits, or enters into a contract on or after the operative date, January 1, 2020. Authorizes the Director of the Oregon Department of Energy, the Director of the Oregon Department of Environmental Quality, and the Director of DCBS to adopt rules or take necessary action to administer provisions of this Act prior to the operative date. Takes effect on 91st day after sine die.

REVENUE: *No revenue impact*

FISCAL: *May have fiscal impact, but no statement yet issued.*

ISSUES DISCUSSED:

- Requirement for 1.5 percent of the cost of public building construction, reconstruction, or renovation to be spent on green energy technology to power the building was first passed in 2007, with several updates since

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- Battery storage, energy efficiency, and off-site energy generation as flexible options to meet requirements for expenditures on green energy technology
- Public buildings that generate their own energy increase emergency preparedness, resiliency
- Enforcement and compliance options

EFFECT OF AMENDMENT:

-5 Removes changes to ORS 455.466 and 455.467 that would require the Director of the Oregon Department of Consumer and Business Services (DCBS) or a municipality to verify administration and enforcement of the state building code to determine whether a contracting agency has complied with the requirements in ORS 279C.527, and to do the same as part of a speciality code plan review for a public building. Clarifies that "public building" does not refer to an airport. Clarifies that direct costs that are solely for the purpose of retrofitting or improving a public building's ability to withstand a seismic event are not considered part of the "total contract price." Modifies rules for expenditures on energy efficiency and woody biomass. Establishes that the contracting agency may expend up to the 1.5 percent if green technology is determined to be inappropriate for a public improvement project, and up to half of the 1.5 percent otherwise, on energy efficiency or on woody biomass energy technology if it creates new energy generation capacity, subject to other requirements. Removes language authorizing a contract agency to enter into an agreement to pool resources or share costs related to green energy technology; replaces with authorization for a single contract agency to consolidate in one public building all or a substantial portion of green energy technology that would otherwise be included as part of the construction, reconstruction, or major renovation of one or more public buildings if the total amount the contract agency expends on green energy technology meets the requirements for all public buildings that are part of the project, and the project otherwise meets requirements in ORS 279C.528. Removes reference to Director of the Oregon Department of Consumer and Business Services.

BACKGROUND:

In 2007, the Oregon Legislature passed a law requiring all public building construction, reconstruction, or major renovation projects with costs exceeding 50 percent of the value of the building to include at least 1.5 percent of the total contract price for the inclusion of appropriate, cost-effective solar technologies. Solar technologies include solar electric or solar thermal systems and may include passive solar, if it can achieve an energy consumption reduction of at least 20 percent.

Additional legislation in 2012 and 2013 allowed for the inclusion of geothermal electricity to satisfy the 1.5 percent requirement, renamed "green energy technology." Green energy technology is defined as a system that employs a solar or geothermal energy system used directly for space or water heating or to generate electricity, or a building design that uses solar energy passively to reduce energy use from other sources by at least 20 percent. Contracting agencies may meet green energy technology requirements by using energy generated off-site to power or heat a public building, subject to certain conditions. Additional rules allowing geothermal energy resources to qualify as green energy technology were passed in 2015, and a measure authorizing woody biomass to be used as an alternative to green energy technology was passed in 2017.

Public entities include, but are not limited to, state agencies, community colleges, school districts and education services districts, and local government.

House Bill 2496 would add battery storage to the definition of green energy technology in ORS 279C.527, if it is part of a solar or geothermal energy system on the site of a public building. The Act would allow a contracting agency that determines green energy technology is not appropriate for a particular public building to use energy efficiency engineering, design, or technologies to meet the green energy technology expenditure requirements for a public improvement project.

PRELIMINARY