

SB 871 A STAFF MEASURE SUMMARY**Senate Committee On Energy and Environment****Action Date:** 04/04/23**Action:** Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)**Vote:** 3-2-0-0**Yeas:** 3 - Golden, Lieber, Sollman**Nays:** 2 - Findley, Hayden**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Beth Reiley, LPRO Analyst**Meeting Dates:** 3/14, 3/16, 3/28, 4/4**WHAT THE MEASURE DOES:**

Requires **energy savings performance contract** to: include certain funding sources; authorize contracting agency to purchase or finance costs of energy conservation measures if the utility cost savings resulting from the energy conservation measure is sufficient to pay for the cost of the energy conservation measures and financing over the useful life of the energy conservation measure; and provide guarantee to contracting agency of specific and measurable reduction in energy use and utility costs as result of energy conservation measures. Stipulates contracting agency may only enter into energy savings performance contracts that are cost effective. Requires contracting agency to choose qualified energy service company as contractor for energy savings performance contract. Requires Department of Administrative Services (DAS), in cooperation with Oregon Department of Energy (ODOE), to develop methodology and work plan for agencies to implement a **comprehensive assessment** of energy use and greenhouse gas (GHG) emissions of state-owned buildings. Establishes minimum requirements for assessment. Authorizes DAS to direct agencies to conduct assessments in phases or stages and specify minimum building size subject to assessment. Requires DAS, with support from ODOE, to create a **searchable and modifiable database** with information collected by assessment. Requires state agencies to use baseline data from database as tool for planning energy use reduction and GHG emissions reduction targets in capital projects. Requires DAS, in collaboration with Department of Environmental Quality and ODOE, to **oversee all state agency capital projects** to construct or perform a major renovation on state building where the estimated contract price exceeds \$1 million. Requires DAS **performing oversight** to: develop and implement guidelines for sustainable design; provide guidance and technical expertise to each agency with respect to construction methods, materials, energy conservation measures, GHG emissions reduction methods, green building construction, and renovation, and other techniques and technologies; and use existing work performed by ODOE. Requires each state agency to **report** regularly to DAS concerning progress on capital project with emphasis on meeting goals of Act. Requires DAS and ODOE to participate on behalf of state in **National Building Performance Standards Coalition**. Redefines "energy savings performance contract" in statute. Removes statutory requirement to provide right of first refusal for conservation and direct use renewable resources to local utility providing services. Authorizes state agency to retain 100 percent of net savings to agency after debt services rather than 50 percent. Establishes components of Act applying to procurement for energy savings performance contracts are operative January 1, 2024. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Process of Resilient Efficient Buildings Task Force
- Opportunity for state buildings to lead by example
- Federal funding opportunities

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EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

In 2022, the Oregon Legislative Assembly enacted Senate Bill 1518 which established the Resilient Efficient Buildings Task Force (Task Force). Senate Bill 1518 directed the Task Force to identify and evaluate policies related to building codes and building decarbonization for new and existing buildings that would enable the state to meet the greenhouse gas (GHG) emissions reduction goals (ORS 468A.205) while maximizing additional benefits. One policy area explored by the Task Force was enacting programs to decarbonize public buildings.

According to the U.S. Department of Energy's Office of Energy Efficiency & Renewable Energy, "state and local governments can lead-by-example by promoting energy efficiency programs and policies for public facilities, equipment, and government operations through energy data management and evaluation, energy efficiency building standards for public buildings, enacting retrofit programs for existing public buildings, procuring energy-efficient appliances and equipment (including vehicles), and establishing energy efficiency operations and maintenance procedures."

Senate Bill 871 A would require the Department of Administrative Services (DAS), in cooperation with Oregon Department of Energy, to develop a methodology and work plan for agencies to implement a comprehensive assessment of energy use and GHG emissions of state-owned buildings. In addition, the Act would require DAS, in collaboration with other agencies, to oversee state agency capital projects over \$1 million to develop and implement guidelines for sustainable design; and to provide guidance and technical expertise with respect to construction methods, materials, energy conservation measures, greenhouse gas emissions reduction methods, green building construction, and renovation and other techniques and technologies.