

Multiple Agency Fiscal Note Summary

Bill Number: 1390 S HB	Title: District energy systems
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Estimated Cash Receipts

NONE

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	1.4	431,713	431,713	431,713	.7	219,242	219,242	219,242	1.2	373,594	373,594	373,594
Department of Enterprise Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Criminal Justice Training Commission	Fiscal note not available											
Military Department	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Veterans Affairs	Fiscal note not available											
Department of Children, Youth, and Families	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Corrections	.0	0	0	0	.0	0	0	0	.0	0	0	0
University of Washington	.0	0	0	0	.0	0	0	0	.0	0	0	0
Washington State University	.5	153,332	153,332	153,332	.5	153,332	153,332	153,332	.5	153,332	153,332	153,332
Eastern Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
Central Washington University	.5	113,056	113,056	113,056	.5	111,056	111,056	111,056	.5	111,056	111,056	111,056
Central Washington University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
The Evergreen State College	.0	0	0	0	.0	0	0	0	.0	0	0	0
Western Washington University	.0	0	0	0	.0	0	0	0	.0	0	0	0
State Parks and Recreation Commission	Fiscal note not available											
Community and Technical College System	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	2.4	698,101	698,101	698,101	1.7	483,630	483,630	483,630	2.2	637,982	637,982	637,982

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Enterprise Services	1.0	693,400	693,400	1.0	253,400	253,400	1.0	253,400	253,400
Department of Enterprise Services	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Criminal Justice Training Commission	Fiscal note not available								
Military Department	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	750,000	750,000	.0	0	0	.0	0	0
Department of Social and Health Services	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Department of Veterans Affairs	Fiscal note not available								
Department of Children, Youth, and Families	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	2.0	1,792,000	1,792,000	.0	0	0	.0	0	0
Department of Corrections	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
University of Washington	.0	3,000,000	3,000,000	.0	0	0	.0	0	0
University of Washington	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Washington State University	.0	250,000	250,000	.0	0	0	.0	100,000	100,000
Washington State University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Eastern Washington University	.0	200,000	200,000	.0	0	0	.0	0	0
Eastern Washington University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Central Washington University	.0	800,000	800,000	.0	0	0	.0	0	0
Central Washington University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
The Evergreen State College	.0	25,000	25,000	.0	0	0	.0	0	0
Western Washington University	.1	59,933	59,933	.0	0	0	.0	0	0
Western Washington University	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
State Parks and Recreation Commission	Fiscal note not available								
Community and Technical College System	.0	429,000	429,000	.0	0	0	.0	0	0
Community and Technical College System	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
Total \$	3.1	7,999,333	7,999,333	1.0	253,400	253,400	1.0	353,400	353,400

Estimated Capital Budget Breakout

Agency Name	2023-25	2025-27	2027-29
	Total	Total	Total
Central Washington University			
Other	800,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Community and Technical College System			
Predesign/Design	429,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Department of Corrections			
Other	1,600,000	0	0
Staff	192,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Department of Enterprise Services			
Other	460,000	20,000	20,000
Staff	233,400	233,400	233,400
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Department of Social and Health Services			
Other	750,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Eastern Washington University			
Predesign/Design	200,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Predesign/Design	25,000	0	0
University of Washington			
Predesign/Design	3,000,000	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Washington State University			
Predesign/Design	250,000	0	100,000
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Western Washington University			
Other	50,000	0	0
Staff	9,933	0	0
	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.		
Total \$	7,999,333	253,400	353,400

Prepared by: Gwen Stamey, OFM	Phone: (360) 790-1166	Date Published: Preliminary 2/21/2023
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Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 103-Department of Commerce
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4	1.4	1.4	0.7	1.2
Account					
General Fund-State 001-1	212,471	219,242	431,713	219,242	373,594
Total \$	212,471	219,242	431,713	219,242	373,594

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Dan Nguyen	Phone: (206) 454-2207	Date: 02/21/2023
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 02/21/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 02/21/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Differences between SHB 1390 and the original bill:

Section 2(1)(b) changes the definition of “campus district energy system” to include private systems and systems owned as public-private partnerships in addition to state-owned campus systems.

Section 2(3)(b) clarifies the role of the agency. Department of Commerce (department) must review and approve all decarbonization plans and may ask for a decarbonization plan to be revised and resubmitted if it does not meet standards as determined by the agency.

Section 2(3)(c) requires that every five years after June 30, 2025, the owner of a state campus district energy system must resubmit the decarbonization plan, along with a progress report on the implementation of the decarbonization plan, to the agency.

Section 2(6) states that owners of campus district energy systems (inclusive of private systems) can opt-in to the alternative compliance process for the clean buildings performance standard.

Summary of SHB 1390:

The bill requires the department to review and approve decarbonization plans and report to the legislature a summary of these plans.

This bill establishes an alternative compliance pathway for Clean Buildings compliance for state-owned campuses served by a district energy system that will allow for more time to make decarbonizing capital improvements.

Section 2(3) a new section is added to chapter 19.27A RCW requires the owner of a state campus district energy system to begin developing a decarbonization plan by June 30, 2024, and must submit a final decarbonization plan to the department by June 30, 2025. Every five years after June 30, 2025 the owner must resubmit the plan along with a progress report on implementation to the department.

Section 2(4) requires department to provide a summary report on the decarbonization plans required in subsection (3) of this section to the governor and appropriate committees of the legislature by December 1, 2025.

Section 2(6) states that owners of campus district energy systems (inclusive of private systems) can opt-in to the alternative compliance process for the clean buildings performance standard.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

By December 1, 2025, the department must develop a report to the legislature that is a summary report of all the

decarbonization plans submitted and reviewed. This will require technical review every five years of decarbonization plans submitted from state-owned campuses and will be completed by department staff.

The department estimates that by including privately-owned campus district energy systems, the number of plans being reviewed will go from 34 state-owned system plans to reviewing between 75 and 100 plans every five years. The department anticipates that for each submittal year, staffing efforts are required prior to and after to provide both guidance and technical assistance as well as review once the plans are received. For the initial submittal period, these costs would occur from FY24 through FY26, beginning July 1, 2024, and be completed by December 1, 2025. For the following submittal period, staffing needs would be from FY28 through FY30 and continue every five years (i.e. FY33-FY35) into the future as ongoing costs.

To accomplish this work the department estimates:

0.30 FTE EMS2 Senior Energy Policy Specialist (625 hours) in FY24-FY26 and FY28-FY29 to provide expert policy level consultation and review in development of the report.

0.70 FTE COM4 Commerce Specialist 4 (1,462 hours) in FY24-FY26 and FY28-FY29 to provide expert review of submitted decarbonization plans and provide technical assistance in the submittal of these plans.

0.20 FTE COM3 Commerce Specialist 3 (418 hours) in FY24-FY26 to create outreach and educational materials for campus district energy system owners to aid with decarbonization plan development.

Salaries and Benefits:

FY24: \$151,194

FY25-FY26: \$156,282 per fiscal year

FY28-FY29: 133,312 per fiscal year

Goods and Services:

FY24: \$11,534

FY25-FY26: \$11,543 per fiscal year

FY28-FY29: 9,625 per fiscal year

Intra-agency Reimbursement:

FY24: \$49,743

FY25-FY26: \$51,417 per fiscal year

FY28-FY29: \$43,860 per fiscal year

Note: Standard goods and services costs include supplies and materials, employee development and training, Attorney General costs, central services charges and agency administration. Agency administration costs (e.g., payroll, HR, IT) are funded under a federally approved cost allocation plan.

Total Costs:

FY24: \$212,471

FY25-FY26: \$219,242 per fiscal year

FY28-FY29: \$186,797 per fiscal year

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	212,471	219,242	431,713	219,242	373,594
Total \$			212,471	219,242	431,713	219,242	373,594

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.4	1.4	1.4	0.7	1.2
A-Salaries and Wages	113,611	117,021	230,632	117,021	200,234
B-Employee Benefits	37,583	39,261	76,844	39,261	66,390
C-Professional Service Contracts					
E-Goods and Other Services	11,534	11,543	23,077	11,543	19,250
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements	49,743	51,417	101,160	51,417	87,720
9-					
Total \$	212,471	219,242	431,713	219,242	373,594

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Services - Indirect	111,168	0.2	0.2	0.2	0.1	0.2
Commerce Specialist 3	82,056	0.2	0.2	0.2	0.1	
Commerce Specialist 4	86,212	0.7	0.7	0.7	0.4	0.7
EMS Band 2	122,841	0.3	0.3	0.3	0.2	0.3
Total FTEs		1.4	1.4	1.4	0.7	1.2

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 1390 S HB	Title: District energy systems	Agency: 179-Department of Enterprise Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	116,700	116,700	116,700	116,700	116,700	116,700
Other	155,000	305,000	10,000	10,000	10,000	10,000
Total \$	271,700	421,700	126,700	126,700	126,700	126,700

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Michael Diaz	Phone: (360) 407-8131	Date: 02/16/2023
Agency Approval: Ashley Howard	Phone: (360) 407-8159	Date: 02/16/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 02/16/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 2 is a new section added to RCW 19.27A that defines terms and describes the responsibilities of the state campus district energy system owners.

Section 2(2) requires owners of campus district energy systems to develop a decarbonization plan by June 30, 2024. Requirements of this plan are described in this section. This has fiscal impact to the Department of Enterprise Services (DES).

Section 2(3) requires owners to submit a final plan to the Department of Commerce (COM) by June 30, 2025. Owners must then resubmit the decarbonization plan, along with a progress report on its implementation, every 5 years.

Section 2(5) provides owners of state campus district energy systems with alternative options for compliance, to include an exemption from the Department of Commerce (COM).

DES has a district energy system, as defined in this section. The DES system does not meet the energy performance standards defined in RCW 19.27A.200 through 19.27A.250.

Section 3 amend RCW 19.27A.210 and 2021 c 65 s 19 to include responsibilities of COM. This has no fiscal impact to DES.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	271,700	421,700	693,400	253,400	253,400
Total \$			271,700	421,700	693,400	253,400	253,400

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29	
FTE Staff Years	1.0	1.0	1.0	1.0	1.0	
A-Salaries and Wages	87,100	87,100	174,200	174,200	174,200	
B-Employee Benefits	29,600	29,600	59,200	59,200	59,200	
C-Professional Service Contracts	150,000	300,000	450,000			
E-Goods and Other Services	5,000	5,000	10,000	20,000	20,000	
G-Travel						
J-Capital Outlays						
M-Inter Agency/Fund Transfers						
N-Grants, Benefits & Client Services						
P-Debt Service						
S-Interagency Reimbursements						
T-Intra-Agency Reimbursements						
9-						
Total \$		271,700	421,700	693,400	253,400	253,400

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29	
Pre-design/Design						
Construction						
Grants/Loans						
Staff	116,700	116,700	233,400	233,400	233,400	
Other	155,000	305,000	460,000	20,000	20,000	
Total \$		271,700	421,700	693,400	253,400	253,400

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Facilities Planner 2	87,144	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

Section 2 of this bill would require DES to develop a decarbonization plan. This plan would need to be developed by a third-party vendor. The cost is estimated at \$450,000.

Additionally, DES would need an additional resource (Facilities Planner 2) to support this work. It is assumed that this position would begin July 1, 2023.

It's unknown if the current energy system management systems can support the recommendations that may come from the

decarbonization plan. For purposes of this fiscal note, we are not assuming any additional costs.

If the third-party vendor determines that a new energy management system would be needed, DES would need to hire a Telemetry Systems Specialist to help support assist in its installation and decommissioning of the old system.

It is unknown at this time what the decarbonization plan would be, and what infrastructure needs might come from it.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 245-Military Department
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Serina Roberts	Phone: 2535127388	Date: 02/21/2023
Agency Approval: Timothy Rajcevich	Phone: 2535127596	Date: 02/21/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 02/21/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

There is no fiscal impact to MIL; the bill is not applicable to MIL.

This bill concerns district energy systems which are defined as systems owned by the state of Washington providing heating, cooling, or heating and cooling to five (5) or more buildings with more than 100,000 square of conditioned space. MIL does not have a heating or cooling system that meets the aforementioned district energy systems definition. MIL does not utilize a heating or cooling system that services multiple buildings; e.g., centralized boiler for heat. Each MIL facility/building has its own standalone heating and/or cooling system.

It is cost prohibitive, using Camp Murray as an example, to eliminate each building's standalone heating/cooling system(s) and replace them with centralized heating/cooling system. Through heating/cooling standalone upgrades and replacements, MIL strives to utilize greater efficiency and environmental sustainable equipment.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 300-Department of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	750,000	0	0	0	0	0
Total \$	750,000	0	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Bill Jordan	Phone: 360-902-8183	Date: 02/14/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/14/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 02/15/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

HB 1390 requires the Department of Social and Health Services (DSHS), Capital Programs to hire a professional consultant to assess existing campus district energy systems and complete a predesign effort to meet the new Decarbonization Plan requirements as proposed.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Please see Section IV-D, Capital Budget Breakout.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	750,000	0	750,000	0	0
Total \$			750,000	0	750,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	750,000		750,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	750,000	0	750,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff					
Other	750,000		750,000		
Total \$	750,000		750,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

HB 1390 requires DSHS, Capital Programs to hire a professional consultant to assess existing campus district energy systems and complete a predesign effort to meet the new Decarbonization Plan requirements as proposed. DSHS has seven state owned campuses that meet the 100,000 square fee requirement in the bill. DSHS Capital Programs is estimating the costs for the project consultant and project management fees that will be incurred to meet the requirements of the bill to be \$750,000.

INDETERMINATE COSTS:

In addition to the costs shown above, it is anticipated there would be construction costs related to the implementation of the decarbonization plans. Until plans are developed, it is not known what these costs would be.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 307-Department of Children, Youth, and Families
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Chris Conn	Phone: 360 725-4441	Date: 02/17/2023
Agency Approval: James Smith	Phone: 360-764-9492	Date: 02/17/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 02/17/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

This bill requires that agencies that have a system that provides heating, cooling, or heating and cooling to a campus with of five or more buildings with more than 100,000square feet of conditioned space through a distributed system providing steam, hot water, or cool water develop a decarbonization plan with multiple components for submittal for review followed by a corresponding capital funding plan.

Section 3 adds language regarding energy compliance, energy management plans, and energy audits.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No fiscal impact. DCYF campuses and buildings do not meet the threshold requirements of this bill.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

None.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 1390 S HB	Title: District energy systems	Agency: 310-Department of Corrections
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	96,000	96,000	0	0	0	0
Other	800,000	800,000	0	0	0	0
Total \$	896,000	896,000	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Stephanie Marty	Phone: (360) 725-8428	Date: 02/13/2023
Agency Approval: Ronell Witt	Phone: (360) 725-8428	Date: 02/13/2023
OFM Review: Jennifer Masterson	Phone: (360) 810-0117	Date: 02/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The purpose of this bill proposes developing decarbonization plans for state-owned building campuses as an alternate route towards compliance with clean building standards. This substitute bill introduces reporting timelines and details decarbonization replacement plans. This approach will allow for the necessary time and expertise to develop a roadmap towards decarbonization of Department of Corrections (DOC) facilities.

HB 1390 states the following:

Section 1 amends RCW 19.27A.210 stating that maintaining and upgrading existing district energy systems is essential for humane living, working, and learning conditions in correctional facilities. Ensuring facilities are investing in district energy plans will allow DOC options for resources such as federal grants, capital, operating and other climate resource funding over multiple budget cycles.

Section 2 amends RCW Chapter 19.27A and defines state owned buildings with more than 100,000 square feet of conditioned space are defined as district energy systems. DOC must consult with the electric utility during decarbonization plan development and prepare a decarbonization plan by June 30, 2024, with a submission date to Department of Commerce by June 30, 2025.

Section 3 amends RCW 19.27A.210 and states that the Department of Commerce must guarantee a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if the energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; and the state campus district energy system implements the energy efficiency measures. The Asset Planner software database has already been established and should meet or exceed the compliance requirements for reporting measures in this section. Reporting measures are due for buildings more than 220,000 gross square feet on June 1, 2026, for buildings more than 90,000 gross square feet, but less than 220,001 gross square feet, June 1, 2027, and for buildings more than 50,000 gross square feet, but less than 90,001 gross square feet, June 1, 2028, and every five years thereafter. Failure to submit documentation will result in a fine.

SHB 1390 amends the following sections:

Section 2(a) amends the owner of a state campus district energy system must develop a decarbonization plan that provides a strategy for up to 15 years for the state campus district energy system.

Section 2(a)(i) amends including a schedule for replacement of mechanisms to replace fossil fuels in the heating plants.

Section 2(a)(iv) amends that an evaluation, prioritization, and scheduled plan of reducing energy use through conservation efforts both at the central plant and in the buildings connected to district energy systems that results in meeting the campus energy use intensity target.

Section 2(b) amends the owner of a state campus district energy system is encouraged to include distribution network upgrades in a decarbonization plan.

Section 2(3)(a) amends that decarbonization plans must be reviewed and approved by the department of commerce and must be revised and resubmitted if it does not meet standards as determined by the department of commerce.

Section 2(3)(c) amends that every five years after June 30, 2025, the owner of a state campus district energy system must resubmit the decarbonization plan, along with a progress report on the implementation of the decarbonization plan, to the department of commerce.

Section 2(5) amends that the owner of a state campus district energy system is not required to meet the energy use intensity target in all the connected buildings that are heated, cooled, or heated and cooled by the system, or to conduct an investment grade audit, to otherwise comply with the state energy performance standard requirements in RCW 8 19.27A.200 through 19.27A.250 if the following conditions for an alternative compliance pathway are met: the owner of a state campus district energy system is implementing a department of commerce-approved decarbonization plan or has fully implemented a department of commerce-approved decarbonization plan for the state campus district energy system and all of its connected buildings that, when fully implemented, meets the energy use intensity target established for the campus at the time of required measurement and verification. The owner may apply for phased implementation through conditional

compliance in accordance with requirements of the decarbonization plan; the owner of the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements under RCW 19.27A.200 through 19.27A.250 for the state campus district energy system and all of its connected buildings; and the owner of a state campus district energy system submits a request to the department of commerce once during every five-year compliance cycle as part of documentation submitted in accordance with RCW 19.27A.210(7), and the department of commerce approves the request.

Section 2(6) amends that the owner of a campus district energy system may submit a request to the department of commerce to opt-in to the process for approval of an alternative compliance pathway as outlined in this section. If approved by the department of commerce, the campus district energy system must follow all the requirements outlined for a state campus district energy system in this section, and the department of commerce must apply all authorities granted under this section for state campus district energy systems to such a campus district energy system.

Section 3(e) amends RCW 19.27A.210 by adding language that may not require the owner of a state campus district energy system, as defined in section 2 of this act, to make capital investments to the state campus district energy system or its connected buildings to comply with the state energy performance standard if the owner of the state campus district energy system is implementing or has fully implemented a decarbonization plan. The owner of a state campus district energy system must still comply with benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and its connected buildings under this chapter. The owner of a state campus district energy system may not be required to implement more than one energy management plan and more than one operation and maintenance plan for the campus.

Section 3(f) amends RCW 19.27A.210 by adding language that must guarantee that a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if the energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings and the state campus district energy system implements the energy efficiency measures.

Effective date is assumed 90 days after adjournment of session in which this bill is passed.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

None.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	896,000	896,000	1,792,000	0	0
Total \$			896,000	896,000	1,792,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	2.0	2.0	2.0		
A-Salaries and Wages	70,000	70,000	140,000		
B-Employee Benefits	26,000	26,000	52,000		
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays	800,000	800,000	1,600,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	896,000	896,000	1,792,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff	96,000	96,000	192,000		
Other	800,000	800,000	1,600,000		
Total \$	896,000	896,000	1,792,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Corrections & Custody Officer 3 (security escorts)	96,000	2.0	2.0	2.0		
Total FTEs		2.0	2.0	2.0		0.0

The fiscal impact of this bill is indeterminate, assumed to be greater than \$50,000 per Fiscal Year (FY).

Implementation of this bill would require DOC to conduct a statewide feasibility study (or predesign study) and energy audits at all prison and reentry center campuses, both those with district heating systems and those that might benefit from investment in district heating systems.

For illustrative purposes, in the Regulatory Compliance decision package submitted in the 2023-25 budget request, DOC developed cost estimates to contract out similar statewide studies and energy audits to meet the requirements of the Clean Buildings Performance Standard. The total estimated costs would be approximately \$1,792,000 and can be summarized as follows:

Statewide Feasibility Study - \$500,000
Statewide Energy Audits - \$1,100,000
2 x Security Escorts for 12 months - \$192,000

The implementation dates in this bill are only feasible if funding is provided to DOC to complete this work.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 360-University of Washington
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	2,500,000	500,000	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	2,500,000	500,000	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Charlotte Shannon	Phone: 2066858868	Date: 02/14/2023
Agency Approval: Charlotte Shannon	Phone: 2066858868	Date: 02/14/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/14/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The substitute bill makes the following changes:

- Applies all provisions for a state-owned campus district energy system to district energy systems owned by a public-private partnership, including one public buildings owner and one private entity;
- Authorizes campus district energy systems owned by a single entity other than the state, or by a public-private partnership in which a private entity owns the systems providing heating, cooling, or heating and cooling, to buildings owned by one public entity, to opt into the authorities provided to state-owned campus district energy systems if the owner submits a request to the Department of Commerce (Commerce) and that request is approved;
- Clarifies that campus district energy systems may meet an alternative compliance pathway for the state energy performance standard, meaning the system is not required to conduct an investment-grade audit and is not required to meet the energy use intensity target, rather than not make capital investments;
- Changes requirements for the decarbonization plans to include a: (1) 15-year timeframe for the plan, with a longer timeframe allowed if approved by Commerce; (2) schedule for replacement of fossil fuels in heating plants; and (3) prioritization and scheduled plan of reducing energy use both at the central plant and in the connecting buildings that results in meeting the campus energy use intensity target;
- Commerce has review and approval authority for the plans; and plans must be resubmitted to Commerce every five years with an implementation progress report;
- Clarifies that a fully implemented decarbonization plan must meet the energy use intensity target established for the campus at the time of required measurement and verification for an owner to comply with the alternative compliance pathway; and
- Adds that as part of the alternative compliance pathway, the owner of a campus district energy system may apply for phased implementation through conditional compliance in accordance with the requirements of the decarbonization plan.

UW FISCAL IMPACTS FROM SUBSTITUTE BILL:

The University of Washington (UW) assumes no changes to our fiscal note resulting from the substitute bill, and is therefore submitting the same fiscal note.

Overall SHB 1390 amends the Washington State Clean Buildings Performance Standard (CBPS), requires owners of state campus district energy systems to develop and submit decarbonization plans to the Department of Commerce, prescribes what must be included in their decarbonization plan, and exempts state campus district energy systems from capital investments to the state campus district energy system if they have begun implementing or fully implementing their decarbonization plan.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

SECTION 1:

Provides an intent section, and recognizes that building decarbonization is necessary to achieve the state's climate goals. This section also states “for state-owned facilities connected to district energy systems, the legislature recognizes that it may take years, multiple budget cycles, and commitments as anchor customers to develop and upgrade campus district energy systems, but remains committed to steadily investing in plans developed by these agencies and their selected providers. Having plans for multiyear customer commitments or spending programs will set the state and private sector up well for applying for federal grants and resources and to appropriately plan capital, operating, and climate commitment act funding for these investments over time.”

FISCAL IMPACTS OF SECTION 1:

The University of Washington (UW) does not anticipate any fiscal impacts from Section 1, however this section recognizes the challenges of implementation, and provides that this will occur over many years, and budget cycles, which informs the indeterminate impacts for implementation of the UW’s decarbonization plan noted in the capital expenditures section below

See additional determinate and indeterminate capital expenditures below.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	2,500,000	500,000	3,000,000	0	0
Total \$			2,500,000	500,000	3,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	2,500,000	500,000	3,000,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	2,500,000	500,000	3,000,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design	2,500,000	500,000	3,000,000		
Construction					
Grants/Loans					
Staff					
Other					
Total \$	2,500,000	500,000	3,000,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

SECTION 2:

- This section provides definitions of key terms including "State campus district energy system" to mean a district energy system that provides heating, cooling, or heating and cooling to a campus through a distributed system providing steam, hot water, or cool water to five or more buildings with more than 100,000 square feet of conditioned space and is owned by the state of Washington.
- Section 2 (2)(a) Requires the “owner” of a state campus district energy system must develop a decarbonization plan that includes:
 - o (i) Mechanisms to replace fossil fuels in the heating plants
 - o (ii) An evaluation of possible options to partner with nearby sources and uses of waste heat and cooling
 - o (iii) An examination of opportunities to add buildings or other facilities to the system once it is decarbonized, a strategy to incentivize growth of a decarbonized system, and requirements for facilities joining the system; and
 - o (iv) An evaluation of the potential for reduced energy use through conservation efforts.
- Section 2 (2)(c) The owner of a state campus district energy system must consult with the electric utility serving the site of the system during decarbonization plan development.
- Section 2 (3) The owner of a state campus district energy system must begin developing a decarbonization plan by June 30, 2024, and must submit a final decarbonization plan to the department of commerce by June 30, 2025.
- Section 2 (5)(a) The owner of a state campus district energy system is not required to make capital investments to the

state campus district energy system and all the connected buildings that are heated, cooled, or heated and cooled by the system, to otherwise comply with the state energy performance standard requirements if:

- o (i) The owner of a state campus district energy system is implementing a decarbonization plan or has fully implemented a decarbonization plan for the state campus district energy system and all of its connected buildings; and
- o (ii) The owner of the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and all of its connected buildings.
- o (b) The owner of a state campus district energy system may not be required to make capital investments if the owner submits a request to the department of commerce once during every five-year compliance cycle as part of documentation submitted in accordance with RCW 37 19.27A.210, and the department of commerce approves the request.

FISCAL IMPACTS OF SECTION 2:

DETERMINATE:

- \$3,000,000 over the biennium to develop the University of Washington (UW) decarbonization plan in accordance with Section 2(2)(a) of this bill. We believe the majority of the activity would be in FY24, but given the timelines, a biennial appropriation would allow more flexibility. Due to system requirements, costs are reflected in tables as \$2.5M in FY24 and \$500,000 in FY25).
- The UW has developed a proposal (that was included in the Governor’s 2023-25 operating budget proposal as a biennial appropriation of \$3,000,000 from the Climate Commitment Account), to retain an energy services partner to conduct the detailed engineering analysis necessary to refine the UW’s decarbonization strategy and plan. This will include timelines of the various phases of UW’s energy strategy, refined cost estimates, and overall coordination to turn this strategy into an implementation plan that is aligned with other university strategic initiatives, in addition to meeting the requirements of Section 2(2)(a) of this bill. The University of Washington operates one of the largest district heating systems in the state, and therefore requires significant technical expertise and coordination across public agencies, universities, hospitals, and cities in order to decarbonize our heating system.
- Any additional reporting and development burden of the decarbonization plan on UW Facilities staff would be negated by the reductions in administrative burden required for compliance with CBPS. These impacts are indeterminate, but would likely result in net reduced administration for compliance with the development of the decarbonization plan, as opposed to compliance with CBPS, and could be absorbed within existing resources.

INDETERMINATE:

Section 2 (2)(a) provides that the UW, as the owner of the state campus district energy system, would not be required to make capital investments to the state campus district energy system and associated buildings, if they are implementing a decarbonization plan or have fully implemented a decarbonization plan; and The owner of the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and all of its connected buildings.

While Section 2 prescribes the dates by which the UW would need to start developing a decarbonization plan, and the date by which the UW must complete the development of a decarbonization plan and submit it to the Department of Commerce, it does not prescribe dates for the implementation of the decarbonization plan. However, Section 2 (2)(a) this subsection provides that the UW must begin implementing or fully implement our decarbonization plan in order to not be required to make capital investments to the state campus district energy system. The UW’s initial estimates, which will continue to be refined through the development of their decarbonization plan, are that implementation will cost approximately \$550 million over 15 years. The fiscal impacts of implementation are significant and largely indeterminate for the purposes of this fiscal note given they will be refined through the development of the decarbonization plan, implementation timelines across fiscal years are not known at this time, and this legislation does not explicitly prescribe implementation dates.

SECTION 3:

- Section 3 (2)(e) adds: The department may not require the owner of a state campus district energy system, as defined in section 2 of this act, to make capital investments to the state campus district energy system or its connected buildings to comply with the state energy performance standard if the owner of the state campus district energy system is implementing or has fully implemented a decarbonization plan. The owner of a state campus district energy system must still comply with benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and its connected buildings under this chapter. The owner of a state campus district energy system may not be required to implement more than one energy management plan and more than one operations and maintenance plan for the campus.
- Section 3 (2)(f) adds: The department must guarantee that a state campus district energy system, as defined in section 2 of this act, and all buildings connected to a state campus district energy system, are in compliance with any requirements for campus buildings to implement energy efficiency measures identified by an energy audit if:
 - (i) The energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; and
 - (ii) The state campus district energy system implements the energy efficiency measures.

FISCAL IMPACTS OF SECTION 3:

INDETERMINATE:

- As noted above in the indeterminate impacts for Section 2, Section 3 (2)(e) provides that the Department of Commerce cannot require the UW to make capital investments to the state campus district energy system and associated buildings, if they have begun implementing or fully implemented their decarbonization plan.
- UW’s initial estimates, which will continue to be refined through the development of their decarbonization plan, are that implementation will cost approximately \$550 million over 15 years.
- The fiscal impacts of implementation are significant and largely indeterminate for the purposes of this fiscal note given they will be refined through the development of the decarbonization plan, implementation timelines across fiscal years are not known at this time, and this legislation does not explicitly prescribe implementation dates.
- In addition Section 3 (2)(e) clarifies that the UW would now only need one energy management plan and one operations and maintenance plan for the campus, rather than for every building, which would streamline UW’s decarbonization efforts, and potentially reduce the administrative burden for compliance, but not produce determinate cost savings for the purposes of this fiscal note.
- Once the UW has begun implementing its decarbonization plan, we would be exempt from capital investments in the state’s campus district energy system and associated buildings. We estimate that this could produce cost savings to the UW of approximately \$26 million every five years (starting in 2026, which is the beginning of the first CBPS 5-year compliance period). Given these savings would only occur once the implementation of the decarbonization plan has started, the UW anticipates the estimated cost savings would be directed towards the significant costs of implementation of the plan.

TOTAL UW CAPITAL FISCAL IMPACTS FOR SHB 1390:

DETERMINATE:

- \$3,000,000 over FY24 and FY25 for the development of the decarbonization plan.

INDETERMINATE:

- Implementation costs for the decarbonization plan, estimated at \$550 million over 15 years.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 365-Washington State University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
General Fund-State 001-1	76,666	76,666	153,332	153,332	153,332
Total \$	76,666	76,666	153,332	153,332	153,332

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	250,000	0	0	0	100,000	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	250,000	0	0	0	100,000	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Anne-Lise Brooks	Phone: 509-335-8815	Date: 02/17/2023
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 02/17/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/17/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

S HB 1390 outlines a plan to achieve part of the state's climate goals by decarbonizing buildings. It is assumed that the most efficient way to accomplish this is by upgrading existing districts energy systems rather than a building-to-building approach. A plan must provide a strategy for 15 years (the Department of Commerce has the ability to approve plans for more than 15 years) and an updated plan must be submitted every 5 years for Commerce approval.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Washington State University (WSU) does not have existing staff to ensure the planning, reporting, and compliance requirements of the bill are met. WSU expects a 0.5 FTE Facilities Project Manager would be needed on an annual basis in order to facilitate plan creation with consultants, monitor plan implementation to ensure plan goals are met, and support the creation of progress reports.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	76,666	76,666	153,332	153,332	153,332
Total \$			76,666	76,666	153,332	153,332	153,332

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	56,580	56,580	113,160	113,160	113,160
B-Employee Benefits	20,086	20,086	40,172	40,172	40,172
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	76,666	76,666	153,332	153,332	153,332

III. C - Operating FTE Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Facilities Project Manager	113,160	0.5	0.5	0.5	0.5	0.5
Total FTEs		0.5	0.5	0.5	0.5	0.5

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	250,000	0	250,000	0	100,000
Total \$			250,000	0	250,000	0	100,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	250,000		250,000		100,000
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	250,000	0	250,000	0	100,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design	250,000		250,000		100,000
Construction					
Grants/Loans					
Staff					
Other					
Total \$	250,000		250,000		100,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Contract costs for consultants to help create the plans (decarbonization, energy management, and operations/maintenance) are estimated to be \$250,000 for the first 5-year plan, then \$100,000 every 5 years for future plans. In addition to the costs shown above, it is anticipated there would be construction costs related to the implementation of the decarbonization plans.

Until plans are developed, it is not known what these costs would be.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 370-Eastern Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	200,000	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	200,000	0	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Keith Tyler	Phone: 509 359-2480	Date: 02/14/2023
Agency Approval: Alexandra Rosebrook	Phone: (509) 359-7364	Date: 02/14/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/14/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

SHB 1390 Section 2 adds a new section to RCW 19.27A, which include definitions. This new section also requires (2)(a) The owner of a state campus district energy system to develop a decarbonization plan that includes: (i) Mechanisms to replace fossil fuels in heating plants; (ii) An evaluation of possible options to partner with nearby sources and uses of waste heat and cooling; (iii) An examination of opportunities to add buildings or other facilities to the system once it is decarbonized, a strategy to incentivize growth of decarbonized system, and requirements for facilities joining the system; and (iv) An evaluation of the potential for reduced energy use through conservation efforts. (b) The owner of a state campus district energy system is encourage to include: (i) Distribution network upgrades; (ii) On-site energy storage facilities; (iii) Space cooling for residential facilities; (iv) Labor and workforce, including state registered apprenticeship utilization (v) Options for public-private partnerships; (vi) Incorporation of industrial symbiosis projects or networks as described in Chapter 308, Laws of 2021. (c) The owner of a state campus district energy system must consult with the electric utility serving the site of the system during decarbonization plan development. (3) The owner of a state campus district energy system must begin developing decarbonization plan by June 30, 2024, and must submit a final decarbonization plan to the department of commerce by June 30, 2025, and resubmit along with a progress report on the implementation of the plan every 5 years thereafter. (5)(a) The owner of a state campus district energy system is not required to make capital investments to the state campus district energy system and all the connected buildings that are heated, cooled or heated and cooled by the system, to otherwise comply with the state energy performance standard requirements in RCW 19.27A.200 through 19.27A.250 (i) if a decarbonization plan is being implemented or (ii) the state campus district energy system meets the benchmarking, energy management, and operations and maintenance planning requirements. (b) The owner of the state campus district energy system may not be required to make capital investments if the owner submits a request to the department of commerce once during every five-year compliance cycle as part of the documentation submitted in accordance with RCW 19.27A.210(7), and the department of commerce approves the request. (6) The owner of a campus district energy system may submit a request to opt-in to a process for approval of an alternative compliance pathway.

Section 3 amends RCW 19.27A.210 adding 2(e) May not require the owner of a state campus district energy system, as defined in section 2 of this act, to make capital investments to the state campus district energy system or its connected building to comply with the state energy performance standard if the owner of the state campus district energy system is implementing or has fully implemented a decarbonization plan. The owner must still comply with a benchmarking, energy management, and operations and maintenance planning requirements for the state campus district energy system and its connected buildings under this chapter. (f) Must guarantee that the system is in compliance with any requirements for campus building to implement energy efficient measures identified by an energy audit if: (i) The energy audit demonstrates the energy savings from the state campus district energy system energy efficiency measures will be greater than the energy efficiency measures identified for the campus buildings; (ii) The state campus district energy system implements the energy efficiency measures.

The remainder of the changes do not modify any requirements in the bill.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	200,000	0	200,000	0	0
Total \$			200,000	0	200,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	200,000		200,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	200,000	0	200,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design	200,000		200,000		
Construction					
Grants/Loans					
Staff					
Other					
Total \$	200,000		200,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Eastern anticipates that we will contract with a consultant to provide services and guidance to achieve decarbonization. Eastern is currently estimating the consultant contract would be about \$200,000. Additional costs are anticipated upon completion of the consultants work.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 1390 S HB	Title: District energy systems	Agency: 375-Central Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
General Fund-State 001-1	57,528	55,528	113,056	111,056	111,056
Total \$	57,528	55,528	113,056	111,056	111,056

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Pre-design/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	800,000	0	0	0	0	0
Total \$	800,000	0	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Erin Sargent	Phone: 509-963-2395	Date: 02/14/2023
Agency Approval: Lisa Plesha	Phone: (509) 963-1233	Date: 02/14/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/14/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 2: New Section – (1) provides definitions for “campus”, and “state campus district energy system”. (2)(a) requires owners of a state campus district energy system to develop a decarbonization plan that includes replacement of fossil fuels, evaluation of partnering options for consumption of waste heat and cooling, examination of opportunities to add building to the system, and evaluation of reduced energy use by conservation. (b) The bill encourages other considerations including network upgrades, energy storage, space cooling, etc.

(3) the owners of the energy system must begin the plan development by June 30, 2024 and the final plan is due to the Dept of Commerce by June 30, 2025.

(4) Dept of Commerce to provide summary report by December 1, 2025

(5) provides guidance regarding capital investments to implement the decarbonization plan.

Section 3: Amended Section - (e)(f) provides guidance to the Department of Commerce

The substitute bill amends the definition of district energy systems in section 2(1) and clarifies the difference between a “campus district energy system” and a “state campus district energy system”. (2)-(5) now specifically applies to owners of state district energy systems, while (6) applies to owners of a campus district energy system. After consideration of these changes to the bill, CWU maintains the original response of indeterminate/over \$50k.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

HB 1390 would require CWU to develop a decarbonization plan due by June 30, 2025. Time will be required to determine the scope of the systems, what measures would need to be taken, and would have to be started by June 30, 2024.

In order to comply with the proposed bill, CWU plans to hire an additional FTE titled “Building Energy Manager” to document the compliance information of this bill and direct the implementation of resources and equipment. This employee's responsibilities will be divided into supplemental previous enacted HB 1257 Clean Building Performance for planning, management, and documentation. We expect that at least 25% of this FTE will be allocated to the requirements in HB 1390 and estimate the salary to be \$35,245 (0.25FTE* annual salary of \$106,000+33% benefits) with an initial set up cost of \$2,000 office and technology needs.

In addition, the legislation could also require increase effort from the sustainability officer which we estimate to be an additional \$20,283 (0.25FTE* annual salary of \$61,000+33% benefits), though ultimately indeterminate. The salary and benefit costs in the table represent .25 FTE of the Building Energy Manager and .25 for the sustainability officer.

The additional statistical tracking associated with this bill is proposed to be part of the responsibilities of the proposed Building Energy Manager in the estimated hours above, and any additional effort would likely be allocated among existing resources, though it is important to note that the capital planning staff is currently stretch to capacity and will not always be in the position to do so.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	57,528	55,528	113,056	111,056	111,056
Total \$			57,528	55,528	113,056	111,056	111,056

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	41,750	41,750	83,500	83,500	83,500
B-Employee Benefits	13,778	13,778	27,556	27,556	27,556
C-Professional Service Contracts					
E-Goods and Other Services	2,000		2,000		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$		57,528	55,528	113,056	111,056

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Building Energy Manager	106,000	0.3	0.3	0.3	0.3	0.3
Sustainability Manger	61,000	0.3	0.3	0.3	0.3	0.3
Total FTEs		0.5	0.5	0.5	0.5	0.5

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	800,000	0	800,000	0	0
Total \$			800,000	0	800,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	800,000		800,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	800,000	0	800,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff					
Other	800,000		800,000		
Total \$	800,000		800,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

In addition to the building energy manager, CWU will need an engineering consultant to work with the baseline reporting criteria during the first year which would then be managed by the Building Energy manage on an ongoing basis. The cost of the consultant is indeterminate at this time as it requires a full system evaluation. A rough order of magnitude for this effort would be a consultant engineering charge of \$.25/SF, which would then be multiplied by the applicable building square footage as assessed by the consultant. An example cost scenario has been provided in the note section above based on 3.2mil sq ft., however the actual cost is indeterminate.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 376-The Evergreen State College
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	25,000	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	25,000	0	0	0	0	0

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Daniel Ralph	Phone: 360-867-6500	Date: 02/13/2023
Agency Approval: Dane Apalategui	Phone: 360-867-6517	Date: 02/13/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

S HB 1390 relates to district energy systems

Section 2 (1) (c) defines “state campus energy system” as one owned by the State of Washington or by a public-private partnership including one public building owner and one private entity.

Section 2 (3) (c) requires owners of state campus energy systems to resubmit the decarbonization plan, along with a progress report on the implementation of the plan, every five years after June 30, 2025.

Section 2 (6) states that the owner of a campus district energy system may submit a request to opt-in to the process for approval of an alternative compliance pathway. If approved, they would have to comply with all of the requirements for a state campus energy system, and the Department of Commerce would apply all authorities as it would for a state campus energy system.

HB 1390 relates to district energy systems.

Section 2 (1) defines “campus” and “state campus energy district system.”

Section 2 (2) (a) requires owners of state campus energy districts to develop de-carbonization plans that include (i) mechanisms to replace fossil fuels in the heating plants, (ii) an evaluation of nearby resources that might provide options for sharing waste heat and cooling, and (iii) an examination of opportunities to add buildings or other facilities to the system once it is decarbonized, a strategy to incentivize growth of a decarbonized system, and requirements for facilities joining the system, and (iv) an evaluation of the possibility of reducing energy through conservation efforts.

Section 2 (3) requires that the owner must begin developing a decarbonization plan by June 30, 2024 and must submit one to the Department of Commerce by June 30, 2025.

Section 2 (5) (a) states that owners will not be required to make capital investments in order to comply with the meet the performance standard requirements identified in RCW 19.27A.200 and RCW 19.27A.250 if (i) a decarbonization plan is being implemented or has been implemented and (ii) the system meets the performance requirements in the above RCW’s.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	25,000	0	25,000	0	0
Total \$			25,000	0	25,000	0	0

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	25,000		25,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	25,000	0	25,000	0	0

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Pre-design/Design	25,000		25,000		
Construction					
Grants/Loans					
Staff					
Other					
Total \$	25,000		25,000		

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

In order to comply with this bill, we will need to review and revise our existing energy plan. We estimate the cost to hire a consultant to assist in this endeavor at \$25,000, 100 hours x \$250 per hour. Our estimates for construction are as follows and include a 4% increase each year for estimated construction cost increases:

FY2024..\$3,000,000; FY2025...\$10,000,000; FY2026...\$10,400,000; FY2027...\$10,816,000; FY2028...\$11,249,000; FY2029...\$11,699,000; FY2030...\$12,167,000; FY2031...\$12,654,000

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 1390 S HB	Title: District energy systems	Agency: 380-Western Washington University
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	9,933	0	0	0	0
Other	0	50,000	0	0	0	0
Total \$	0	59,933	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Gena Mikkelsen	Phone: 3606507412	Date: 02/13/2023
Agency Approval: Faye Gallant	Phone: 3606504762	Date: 02/13/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1: Outlines the climate benefits of a district energy policy to reduce commercial and large state-owned building emissions, including state-run campus facilities, using a multi-year plan for capital investments and climate funding.

Section 2(1): Provides definitions where “campus” means a collection of buildings served by a campus district heating/cooling, water reuse, or power system.

Section 2(2): Stipulates the owner of a state campus district energy system must develop a decarbonization plan that includes replacement of fossil fuel systems through incentives and partnerships.

Section 2(4): Decarbonization planning must begin by June 30, 2024; the plan must be submitted to the department of commerce by June 30, 2025. Allowable exceptions to compliance with energy standards in RCW 19.27A.200 are noted in Section 2(5).

Section 3: Outlines energy performance standards and compliance criteria (and exceptions) to be established by the department of commerce.

Section 3(7): Requires the owner of a covered commercial building to report compliance with the energy performance standards. Phased implementation is based on square footage per Section 3(8).

Section 3(10): Provides for monetary penalties for noncompliance.
Impact:

Additional reporting and administrative requirements for compliance review of our feasibility study and development of the “decarbonization plan” to the Dept. Of Commerce.

This bill will require minimal additional effort to adjust our existing heating conversion study to be compliant with these requirements.

This could require additional consulting services to adjust our study to a decarbonization plan as described with a nominal cost of \$50,000+ estimated.

Updates to Section 3 (1)(e-f) do not have an impact on already estimated amounts for WWU.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	0	59,933	59,933	0	0
Total \$			0	59,933	59,933	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.1		
A-Salaries and Wages		7,641	7,641		
B-Employee Benefits		2,292	2,292		
C-Professional Service Contracts		50,000	50,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	0	59,933	59,933	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design					
Construction					
Grants/Loans					
Staff		9,933	9,933		
Other		50,000	50,000		
Total \$		59,933	59,933		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Budget Analyst	76,401		0.1	0.1		
Total FTEs			0.1	0.1		0.0

Minimal additional work will be required to develop a compliant decarbonization plan from our existing District Heating Conversion Study.

One time consulting services could be necessary to convert our existing District Heating Conversion Study into a document that is compliant with the requirements of this bill.

Estimate for that effort is TBD, but would be at least \$50,000. One time staffing expense to assist with study.

Capital expenditures for other entities that do not have this foundational document will be much higher.

INDETERMINATE COSTS:

In addition to the costs shown above, it is anticipated there would be construction costs related to the implementation of the decarbonization plans. Until plans are developed, it is not known what these costs would be.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Revised

Bill Number: 1390 S HB	Title: District energy systems	Agency: 699-Community and Technica College System
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

	2023-25		2025-27		2027-29	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Predesign/Design	36,000	393,000	0	0	0	0
Construction	0	0	0	0	0	0
Grants/Loans	0	0	0	0	0	0
Staff	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	36,000	393,000	0	0	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 02/09/2023
Agency Preparation: Brian Myhre	Phone: 360-704-4413	Date: 02/13/2023
Agency Approval: Cherie Berthon	Phone: 360-704-1023	Date: 02/13/2023
OFM Review: Kelsey Rote	Phone: (360) 000-0000	Date: 02/13/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

The substitute bill differs from the original in the following ways:

SECTION 2

Redefines “state campus district energy system” to mean a campus district energy system owned by the state of Washington or by a public-private partnership including one public buildings owner and one private entity.

Defines Campus district energy system as a district energy system that provides heating, cooling, or heating and cooling to a campus through a distributed system providing steam, hot water, or cool water to five or more buildings with more than 100,000 square feet of combined conditioned space, where the system and all connected buildings are owned by a single entity, or a public-private partnership in which a private entity owns the systems providing heating, cooling, or heating and cooling to buildings owned by one public entity.

Requires an owner of a state campus district energy system to develop a decarbonization plan that provides a strategy for up to 15 years for the state campus district energy system.

Decarbonization plans must be reviewed and approved by the Department of Commerce. The Department may ask for a decarbonization plan to be revised and resubmitted if it does not meet standards as determined by the department of commerce.

Every five years after June 30, 2025, the owner of a state campus district energy system must resubmit the decarbonization plan, along with a progress report on the implementation of the decarbonization plan.

The owner of a state campus district energy system is not required to meet the energy use intensity target in all the connected buildings that are heated, cooled, or heated and cooled by the system, or to conduct an investment grade audit, to otherwise comply with the state energy performance standard if:

- The owner is implementing, or has implemented, a Department of Commerce-approved decarbonization plan for the state campus district energy system and all of its connected buildings that, when fully implemented, meets the energy use intensity target established for the campus at the time of required measurement and verification. The owner may apply for phased implementation through conditional compliance in accordance with requirements of the decarbonization plan.

The owner of a campus district energy system may submit a request to the Department of Commerce to opt-in to the process for approval of an alternative compliance pathway. If approved, the campus district energy system must follow all of the requirements outlined for a state campus district energy system.

These changes would not change fiscal impacts when compared to the original bill.

This bill would require an owner of a state campus district energy system to develop a decarbonization plan.

A campus district energy system is defined as a district energy system that provides heating, cooling, or heating and cooling to a campus through a distribute system providing steam, hot water, or cool water to five or more buildings with more than 100,000 square feet of conditioned space.

Decarbonization plans must include:

- Mechanisms to replace fossil fuels in the heating plants;
- Evaluation of possible options to partner with nearby sources and uses of waste heat and cooling;

- Examination of opportunities to add buildings or other facilities to the system once it is decarbonized;
- Evaluation of reduced energy use through conservation efforts.

The development of plans must begin by June 30, 2024 and submitted to the Department of Commerce by June 30, 2025 and resubmit plans every five years thereafter.

The owner of a state campus district energy system is not required to comply with the state energy performance standard requirements if they are implementing a decarbonization plan and meet benchmarking, energy management and operations and maintenance planning requirements for the system.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

No cash receipts impact.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

No expenditure impact.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
057-1	State Building Construction Account	State	36,000	393,000	429,000	0	0
Total \$			36,000	393,000	429,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	36,000	393,000	429,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	36,000	393,000	429,000	0	0

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

Construction Estimate	FY 2024	FY 2025	2023-25	2025-27	2027-29
Predesign/Design	36,000	393,000	429,000		
Construction					
Grants/Loans					
Staff					
Other					
Total \$	36,000	393,000	429,000		

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

This bill would result in the following expenditure impact.

PLAN DEVELOPMENT:

Section 2(2) requires the owner of a state campus district energy system to develop a decarbonization plan. Based on per/Sq. Ft. cost to develop similar plans at another Institution of Higher Education, it is estimated to cost \$0.155/Sq. Ft. Currently, there are six community colleges that would fall under the requirements of the bill and need to develop decarbonization plans. At these colleges, there are 2,770,000 square feet of space that would be included in the plans.

$2,770,000 \text{ sq. ft.} \times \$0.155/\text{Sq. Ft.} = \$429,000$

The development of plans will begin in FY24 with the majority of the work occurring in FY25.

FY24 – \$36,000

FY25 – \$393,000

INDETERMINATE COSTS:

In addition to the costs shown above, it is anticipated there would be construction costs related to the implementation of the decarbonization plans. Until plans are developed, it is not known what these costs would be.

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.