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Governor



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EXECUTIVE ORDER 12-06

ACHIEVING ENERGY EFFICIENCY IN STATE BUILDINGS

WHEREAS, Washington continues to face unprecedented budget challenges and there is a corresponding need to take advantage of all opportunities to reduce costs while still maintaining services and resources needed by our citizens; and

WHEREAS, Washington has sought to create new jobs to recover from the deep and lengthy recession that has caused so much economic hardship, especially in the construction trades; and

WHEREAS, by increasing the energy efficiency of state buildings, we have the opportunity to save energy, reduce the costs of government, and make our buildings more comfortable and our people more productive; and

WHEREAS, in addition to these operational benefits, increased investment in energy efficiency will also create jobs, many of them in construction trades, a sector of the work force that has been particularly hard hit by the recession; and

WHEREAS, heating, cooling and otherwise operating state buildings is by far the largest source of greenhouse gas emissions resulting from state operations, producing almost 80 percent of carbon emissions in the state's emission inventory, and state agencies are required by law (Chapter 70.235 RCW) to meet state greenhouse gas emission targets, and increased energy efficiency in state buildings is an appropriate and efficient way to significantly reduce emissions of greenhouse gases and other harmful air pollutants; and

WHEREAS, on March 13, 2012, I joined Oregon Governor John Kitzhaber, California Governor Edmund G. Brown Jr., and British Columbia Premier Christy Clark, under the banner of the Pacific Coast Collaborative, to announce a West Coast initiative on energy efficiency; and

WHEREAS, an important aspect of this announcement was a joint commitment across all four jurisdictions to improve the energy efficiency of state buildings and the adoption of a goal of reducing energy use in state buildings by 20 percent by 2020; and

WHEREAS, in 2009, the Legislature passed the "Efficiency First Act" (adding new sections to Chapter 19.27A RCW), which established targets for state agencies, colleges, and universities to identify and implement energy efficiency projects in state owned buildings through energy benchmarking, preliminary energy audits, investment grade energy audits, and implementing all cost effective efficiency measures; and,

WHEREAS, the Efficiency First Act also requires owners of buildings that the state leases to achieve an energy benchmarking score of at least 75, or commit to installing, within two years, all cost effective energy efficiency improvements, before the state may enter into or renew a lease for the building; and,

WHEREAS, the Efficiency First Act directs the Department of Enterprise Services (DES) to prepare a report describing the energy use of state agencies, colleges, and universities; and,

WHEREAS, state agencies, colleges and universities over the last five years have made significant progress in reducing their building energy use, including investments of over \$325 million in cost effective energy efficiency projects coordinated through DES. Even with this progress, there remains significant opportunities for additional energy cost savings for the state taxpayers; and,

WHEREAS, multiple sources of funding are now available for efficiency improvements in state buildings including utility rebates and low-interest loans. In particular, the Treasurer's Lease Purchase program made available an interest rate of 2.29 percent in March 2012 for ten-year contracts related to building projects, which can include energy retrofit; and,

WHEREAS, the U.S. Department of Energy has recognized Washington's Efficiency First Act as an important model for implementation of energy efficiency in public buildings, and has granted funding to the Department of Commerce (Commerce) and DES, and the Washington State University Energy Program, to implement the Act; and,

WHEREAS, the 2012 Legislature has appropriated more than \$100 million in capital funds for energy efficiency improvements in K-12, higher education, local government, community, and low-income facilities that will result in cost savings, retention and creation of construction jobs; and

WHEREAS, given all of the benefits of improved energy efficiency in state buildings – reduced costs, job creation, and environmental improvement among others – we must build on our record as one of the leading states in the country in achieving a high level of energy efficiency and take steps now to ensure that we meet our goal of reducing energy use by 20 percent by 2020.

NOW, THEREFORE, I, Christine O. Gregoire, Governor of the state of Washington by virtue of the power vested in me by the Constitution and statutes of the state of Washington, do hereby order and direct the following:

General Directive

In order to create jobs and reduce state agency operating costs and to take full advantage of all other operational and societal benefits resulting from increased energy efficiency, all cabinet agencies are hereby directed to fully implement all facets of existing energy efficiency laws and regulations, including the measures described in Efficiency First Act, Chapter 19.27A RCW. Although specific appropriations citing the Efficiency First Act were not provided to all agencies as referenced in RCW 19.27A.190, other funding sources have been made available for the purposes of building management and energy efficiency. As directed more specifically below, all reasonable steps should be taken to implement these measures that are designed to achieve

cost-effective energy conservation at the earliest opportunity including, where feasible, prior to the deadlines set forth in the statute and this Executive Order.

Steps to Reduce Energy Use in Buildings

A. State-Owned Buildings

1. Each cabinet agency that owns office buildings, or groups of office buildings, over 10,000 square feet in size with independent utility meters shall complete their building energy “benchmarking” as described in Chapter 19.27A RCW within 30 days of the effective date of this Executive Order. For the office facilities that fall below the “national energy performance rating score” established in RCW 19.27A.190, each agency shall complete a preliminary energy audit of the facility by no later than December 1, 2012.
2. For all other buildings or groups of buildings greater than 10,000 square feet owned by cabinet agencies, each cabinet agency shall complete energy “benchmarking” by no later than November 1, 2012. Based on agency “benchmarking,” DES, with assistance from Commerce and WSU Energy Program, shall publish a list of facilities for which preliminary energy audits will be conducted as described in RCW 19.27A.190(12). For any cabinet agency owned buildings that are not benchmarked by November 15, 2012, agencies shall proceed directly to preliminary audits and shall complete benchmarking as part of the audit activity. Preliminary energy audits must be completed by December 31, 2012.
3. If the preliminary audit identifies likely cost-effective energy savings, the agency shall complete an investment grade audit by no later than July 1, 2013.
4. Each agency shall implement all cost-effective energy efficiency investments, utilizing funding and other resources from reasonably available and affordable sources, as soon as practicable, but in no case later than July 1, 2015. Agencies shall determine the availability of funding from all reasonably identifiable sources, including the State Treasurer’s Lease Purchase program, direct appropriations for preservation and program projects, local government and utility grants and loans, private funding, and other sources. Agencies may request an extension of this deadline to no later than July 1, 2016, upon a demonstration of extenuating circumstances that justify such an extension.
5. Energy efficiency improvements are considered cost effective when they are identified through an investment grade audit and meet the definition of cost effective in RCW 39.35C.010, using standard conditions for analysis established by DES. Cost effectiveness may consider the life expectancy of the building.
6. Each cabinet agency shall, by 2020, reduce its total building energy use by 20 percent, using a 2009 baseline. Exceptions may be granted by DES, where this requirement cannot be met in a cost effective manner.

7. Agencies and the Office of Financial Management (OFM) shall explore opportunities in the minor works program in the 2013-2015 Capital Budget to accelerate the work and secure additional long-term energy and cost savings. OFM will develop capital budget recommendations for retrofits based on this review.
8. All state agencies shall continue to monitor and document their progress toward reducing energy use in buildings by keeping “portfolio manager” energy benchmarking accounts up to date with the most recent building energy use data and linking the results to the statewide portfolio manager master account. (See DES instructions at <http://www.ga.wa.gov/energy/EnergyStar.htm>.)
9. DES shall be a technical resource to Commerce and shall provide assistance to cabinet and other agencies as they implement this Order and seek to contract for energy efficiency services. Commerce shall provide consultation to DES for the development of standard conditions for determining the cost effectiveness of energy efficiency improvements.

B. State-Leased Buildings

1. Within 30 days of the effective date of this Executive Order, DES shall notify the building owner of all state-occupied buildings in excess of 10,000 square feet where the state pays the energy costs of the requirements of this order.
2. Consistent with the requirements of RCW 19.27A.170, owners of buildings leased by state agencies shall disclose energy benchmarking data and ratings for all state leased buildings before any new lease or lease renewal negotiations may begin. However, all such building owners are encouraged to complete the energy benchmarking as soon as possible.
3. Consistent with the provisions of RCW 19.27A.190, owners of buildings leased by state agencies shall complete energy audits for all state-leased buildings before state agencies enter into any new lease or lease renewal. However, all such building owners are encouraged to complete an energy audit as soon as possible.
4. For all state-leased buildings with an energy score of 75 or less, DES shall inform the building owner that the state may not renew its lease unless the building owner commits to installing all cost-effective energy efficiency improvements within two years of the lease’s effective date.
5. In the event that compliance is not cost-effective or feasible, OFM, in consultation with DES, may modify or waive requirements that the building owner makes the energy improvement, consistent with the factors outlined in RCW 19.27A.190(11).
6. The state agency tenant and DES shall work with the owner of their state-leased building to establish a schedule for implementing all cost-effective energy efficiency improvements as soon as feasible, but no more than two years from the effective date of the lease. The state agency tenant shall, in consultation with the

building owner and DES, prepare and submit progress reports consistent with paragraph C (4) of this Order.

7. Energy efficiency improvements are considered cost effective if the present value of reasonably anticipated cost savings is greater than the net present value of the cost of the improvements, when discounted at the cost of borrowing, using standard conditions for analysis to be established by DES. In addition, for the purpose of leased facilities, the definition of cost effective improvements must consider any associated lease terms and conditions.
8. All owners of state-leased buildings are encouraged to continue to monitor their buildings' energy performance and to make all cost effective energy efficiency improvements as they become available.

C. Education, Training, and Reporting

1. All agencies shall ensure that building operations and all other appropriate agency staff and managers participate in the energy training and assistance program offered by the WSU Energy Program, "March to Savings," at <http://marchtosavings.org/>.
2. Within 45 days of issuance of this Executive Order, Commerce shall convene a meeting of agency Directors and/or Deputy Directors, Chief Financial Officers, and Facilities Managers to review the requirements of this Executive Order and to begin developing agency implementation plans. The departments shall reconvene this group in December 2012 to review agencies' progress in implementing this order.
3. DES shall coordinate its efforts to assist agencies in pursuing implementation planning with Commerce.
4. On December 1, 2012, and annually thereafter through 2016, each cabinet agency shall submit a brief written report on its progress in implementing the requirements of this order to the OFM. DES shall determine the format for these reports, and shall consult with the Department of Ecology to determine if there are opportunities to consolidate reporting required by Chapter 70.235 RCW, Chapter 19.27A RCW, and this Executive Order. DES shall post these progress reports on its website.
5. Commerce shall report on state agency progress in implementing this Executive Order at its annual energy conference.

D. Other Public Agencies

1. All non-cabinet state agencies and institutions, and all local governments and other public entities that own or lease building space for public use, are invited and encouraged to adopt the energy efficiency goal in this Order and to use the processes and mechanisms described herein to achieve energy efficiency improvements.

2. DES shall continue to provide technical assistance and implementation support for public agencies and local governments to improve the energy efficiency of their owned and leased buildings. The WSU Energy Program shall develop and implement communications and related initiatives for these public agencies and local governments.
3. Commerce is directed and the Office of the Superintendent of Public Instruction is encouraged to manage the energy efficiency funding appropriated in the 2012 supplemental budget in a manner that achieves maximum benefit as quickly as possible.

E. Privately Owned Buildings

1. Commerce and WSU Energy Extension Program shall develop an outreach initiative designed to encourage, educate and provide technical assistance to private sector building owners in an effort to increase energy efficiency investments. The outreach program should encourage private building owners to invest in energy efficiency improvements to improve the energy performance of their buildings as reported under RCW 19.27A.170, and to capture the other benefits associated with these investments.
2. Commerce is directed to establish a Governor's Energy Efficiency Awards program with annual awards to be provided to public and private sector building owners and others involved in delivering energy efficiency services and products who demonstrate leadership, innovation and/or sustained commitment to energy efficiency.

Signed and sealed with the official seal of the state of Washington on this 26th day of September, 2012, at Olympia, Washington.

By:

/s/

Christine O. Gregoire
Governor

BY THE GOVERNOR:

/s/

Secretary of State