

Proposed Substitute HB 1084 (H-0828.1/21) (Rep. Ramel)

Current Version of the Bill:

- Requires residential and nonresidential construction permitted under the 2027 State Energy Code to achieve at least a 70 percent reduction in annual net energy consumption and eliminate on-site fossil fuel combustion for space heating and water heating.
- Requires the Department of Commerce (Commerce) to adopt a state energy management and benchmarking requirement for tier 2 and tier 3 covered commercial buildings by November 1, 2021.
- Prohibits a natural gas utility from offering new service to any customer located outside of the area authorized in its approved certificate of public convenience and necessity as of July 1, 2021.
- Establishes a Statewide Clean Heat Standard for the purpose of limiting the expansion of the natural gas system for residential and commercial space and water heating, and advancing the use of high-efficiency electric equipment, the production and distribution of clean fuels, and the safe and equitable transition of the natural gas system.
- Requires the Utilities and Transportation Commission (UTC) to establish a uniform climate protection surcharge for natural gas utilities by January 1, 2023.
- Codifies the requirement for natural gas utilities regulated by the UTC to develop integrated resource plans.
- Authorizes the governing body of a municipal electric utility or public utility district to adopt a beneficial electrification plan.
- Establishes a Heat Pump and Electrification Program within Commerce.

Proposed Substitute (H-0828.1/21) Compared to HB 1084:

- Removes the requirement that residential and nonresidential construction permitted under the 2027 State Energy Code achieve at least a 70 percent reduction in annual net energy consumption and eliminate on-site fossil fuel combustion for space heating and water heating, restoring the current-law requirements for the 2031 State Energy Code.
- Requires that the State Energy Code, for each code cycle, provide one reach code option for increasingly low-emission energy efficient homes that local jurisdictions may adopt for residential construction.
- Requires the Department of Commerce (Commerce) to adopt a state energy management and benchmarking requirement for tier 2 and tier 3 covered commercial buildings by July 1, 2022, rather than by November 1, 2021.
- Requires that, beginning July 1, 2021, each gas company tariff for line extensions for residential and commercial gas service must recover the full cost of the extension from the customer requesting service.

- Establishes provisions pertaining to the public interest in the operation and planning of gas companies.
- Removes reference to a Statewide Clean Heat Standard and amends requirements for the development of transition implementation plans.
- Requires the Utilities and Transportation Commission (UTC) to, by October 1, 2022, open an investigation to evaluate pathways for gas companies to achieve their proportional share of greenhouse gas emissions reduction required under statewide emissions limits.
- Removes the requirement that the UTC establish a uniform climate protection surcharge for natural gas utilities by January 1, 2023.
- Amends requirements for gas company integrated resource plans.
- Specifies that requirements to develop transition implementation plans and integrated resource plans do not apply to municipally-owned and operated gas utilities.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-0828.1/21

ATTY/TYPIST: ML:lcl

BRIEF DESCRIPTION: Reducing statewide greenhouse gas emissions by achieving greater decarbonization of residential and commercial buildings.

1 AN ACT Relating to reducing statewide greenhouse gas emissions by
2 achieving greater decarbonization of residential and commercial
3 buildings; amending RCW 19.27A.015, 19.27A.020, 19.27A.200,
4 80.28.074, 80.28.005, 80.28.110, 80.28.190, 43.21F.055, 35.92.430,
5 and 54.16.390; amending 2007 c 349 ss 1 and 3 (uncodified); adding a
6 new section to chapter 19.27A RCW; adding new sections to chapter
7 80.28 RCW; adding a new section to chapter 35.92 RCW; adding a new
8 section to chapter 54.16 RCW; adding a new section to chapter 43.330
9 RCW; and creating new sections.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

11 NEW SECTION. **Sec. 1.** High-efficiency electric space and water
12 heating equipment, such as electric heat pumps for space heating and
13 electric heat pump water heaters, lower overall energy demand and
14 system costs and improve indoor air quality and environmental
15 outcomes.

16 As Washington transitions to 100 percent clean electricity,
17 switching from fossil-fuel based heating equipment to high-efficiency
18 electric equipment will reduce climate impacts and fuel price risks
19 in the long term and can have a positive impact on overburdened
20 communities.

1 In order to meet the statewide greenhouse gas emissions limits in
2 RCW 70A.45.020, the state must require construction of increasingly
3 low-emission energy efficient homes and buildings and achieve
4 construction of zero fossil-fuel greenhouse gas emission homes and
5 buildings by 2030. A 2020 report by the United States climate
6 alliance found that Washington had nearly 90,000 clean energy jobs in
7 2019. The top categories of clean energy jobs are in the buildings
8 sector, including: High-efficiency heating, ventilation, and air
9 conditioning; energy efficiency technologies; and renewable heating
10 and cooling. As the fastest growing clean energy industries in our
11 state, work in these areas also supports job creation in other
12 construction trades, which is a critical component of a clean energy
13 economic recovery strategy and can increase diversity in the
14 workforce.

15 Stable and predictable policy and regulatory frameworks are
16 necessary to stimulate the critical social dialogue and collaboration
17 to ensure a just transition for workers, including solutions to
18 continue to provide meaningful work for skilled tradespersons,
19 establish and sustain institutional and technical capacities to
20 support affected workers, and mobilize funding and assistance to
21 those in need. It is the intent of the legislature to both provide
22 regulatory certainty and tools and resources to support the
23 transition of companies that engage in the distribution of fossil
24 fuels for residential and commercial heating, and to workers who are
25 employed in the sectors affected by the transition to cleaner heating
26 sources.

27 In order to have a comprehensive understanding of the need and
28 potential for updating the building stock, more robust benchmarking
29 and reporting for building performance, operations, and maintenance
30 is needed. While the state has adopted comprehensive reporting
31 requirements for larger commercial buildings, it currently lacks
32 similar requirements for smaller commercial buildings. It is the
33 intent of the legislature to extend existing building benchmarking
34 and operations and maintenance planning requirements to smaller
35 commercial buildings, in order to assess the needs and opportunities
36 for job creation, incentives, and environmental and public health
37 improvements.

38 Utilities have an important role in providing affordable and
39 reliable heating and other energy services. As the state transitions
40 to cleaner sources of energy, utilities are an important partner in

1 helping their customers make smart energy choices, and actively
2 supporting the replacement of fossil fuel-based space and water
3 heating equipment with high-efficiency electric equipment.

4 Programs for the electrification of homes and buildings have the
5 potential to allow electric utilities to optimize the use of electric
6 grid infrastructure, improve the management of electric loads, better
7 manage the integration of variable renewable energy resources, reduce
8 greenhouse gas emissions from the buildings sector, mitigate the
9 environmental impacts of utility operations and power purchases, and
10 improve health outcomes for occupants due to improved indoor air
11 quality.

12 Clarity is important so that each utility, depending on its
13 unique circumstances and consistent with enabling statutes, the state
14 Constitution, and good public policy, may determine its appropriate
15 role in advancing home and building electrification for its
16 customers.

17 In order to meet the statewide greenhouse gas limits in the
18 energy sectors of the economy, more resources must be directed toward
19 achieving electrification and decarbonization of residential and
20 commercial heating loads, while continuing to relieve energy burdens
21 that exist in low-income households and overburdened communities.

22 **Sec. 2.** RCW 19.27A.015 and 1990 c 2 s 2 are each amended to read
23 as follows:

24 Except as provided in RCW 19.27A.020(~~(+7)~~) (6), the Washington
25 state energy code for residential buildings shall be the (~~maximum~~
26 ~~and~~) minimum energy code for residential buildings in each city,
27 town, and county and shall be enforced by each city, town, and county
28 (~~no later than July 1, 1991~~). The Washington state energy code for
29 nonresidential buildings shall be the minimum energy code for
30 nonresidential buildings enforced by each city, town, and county.

31 **Sec. 3.** RCW 19.27A.020 and 2018 c 207 s 7 are each amended to
32 read as follows:

33 (1) The state building code council in the department of
34 enterprise services shall adopt rules to be known as the Washington
35 state energy code as part of the state building code.

36 (2) The council shall follow the legislature's standards set
37 forth in this section to adopt rules to be known as the Washington

1 state energy code. The Washington state energy code shall be designed
2 to:

3 (a) Construct increasingly energy efficient homes and buildings
4 that help achieve the broader goal of building zero fossil-fuel
5 greenhouse gas emission homes and buildings by the year 2031;

6 (b) Require new buildings to meet a certain level of energy
7 efficiency, but allow flexibility in building design, construction,
8 and heating equipment efficiencies within that framework; ~~((and))~~

9 (c) Allow space heating equipment efficiency to offset or
10 substitute for building envelope thermal performance; and

11 (d) For each code cycle, provide one reach code option for
12 increasingly low-emission energy efficient homes that local
13 jurisdictions may adopt for residential construction, to be enforced
14 by the local jurisdiction.

15 (3) The Washington state energy code shall take into account
16 regional climatic conditions. One climate zone includes: Adams,
17 Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield,
18 Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille,
19 Skamania, Spokane, Stevens, Walla Walla, Whitman, and Yakima
20 counties. The other climate zone includes all other counties not
21 listed in this subsection (3). The assignment of a county to a
22 climate zone may not be changed by adoption of a model code or rule.
23 Nothing in this section prohibits the council from adopting the same
24 rules or standards for each climate zone.

25 (4) The minimum Washington state energy code for residential
26 buildings shall be the 2006 edition of the Washington state energy
27 code, or as amended by rule by the council.

28 (5) The minimum state energy code for new nonresidential
29 buildings shall be the Washington state energy code, 2006 edition, or
30 as amended by the council by rule.

31 (6) (a) Except as provided in (b) of this subsection and except as
32 provided in subsection (2) (d) of this section, the Washington state
33 energy code for residential structures shall preempt the residential
34 energy code of each city, town, and county in the state of
35 Washington.

36 (b) The state energy code for residential structures does not
37 preempt a city, town, or county's energy code for residential
38 structures ~~((which exceeds))~~ that provides greater reductions in
39 energy use and greenhouse gas emissions than the requirements of the
40 state energy code ~~((and which was adopted by the city, town, or~~

1 ~~county prior to March 1, 1990. Such cities, towns, or counties may~~
2 ~~not subsequently amend their energy code for residential structures~~
3 ~~to exceed the requirements adopted prior to March 1, 1990)) adopted~~
4 ~~by the council.~~

5 (7) The state building code council shall consult with the
6 department of enterprise services as provided in RCW 34.05.310 prior
7 to publication of proposed rules. The director of the department of
8 enterprise services shall recommend to the state building code
9 council any changes necessary to conform the proposed rules to the
10 requirements of this section.

11 ~~(8) ((The state building code council shall evaluate and consider~~
12 ~~adoption of the international energy conservation code in Washington~~
13 ~~state in place of the existing state energy code.~~

14 ~~(9))~~ The definitions in RCW 19.27A.140 apply throughout this
15 section.

16 **Sec. 4.** RCW 19.27A.200 and 2019 c 285 s 2 are each amended to
17 read as follows:

18 The definitions in this section apply throughout RCW 19.27A.210,
19 19.27A.220, 19.27A.230, ~~((and))~~ 19.27A.240, and section 5 of this act
20 unless the context clearly requires otherwise.

21 (1) "Agricultural structure" means a structure designed and
22 constructed to house farm implements, hay, grain, poultry, livestock,
23 or other horticultural products, and that is not a place used by the
24 public or a place of human habitation or employment where
25 agricultural products are processed, treated, or packaged.

26 (2) "Baseline energy use intensity" means a building's weather
27 normalized energy use intensity measured the previous year to making
28 an application for an incentive under RCW 19.27A.220.

29 (3) "Building owner" means an individual or entity possessing
30 title to a building.

31 (4) "Building tenant" means a person or entity occupying or
32 holding possession of a building or premises pursuant to a rental
33 agreement.

34 (5) "Conditional compliance" means a temporary compliance method
35 used by building owners that demonstrate the owner has implemented
36 energy use reduction strategies required by the standard, but has not
37 demonstrated full compliance with the energy use intensity target.

38 (6) "Consumer-owned utility" has the same meaning as defined in
39 RCW 19.27A.140.

1 (7) "Covered commercial building" means a (~~building~~):

2 (a) Building where the sum of nonresidential, hotel, motel, and
3 dormitory floor areas exceeds fifty thousand gross square feet,
4 excluding the parking garage area; or

5 (b) Tier 2 covered commercial building or tier 3 covered
6 commercial building, as determined by the department pursuant to
7 section 5 of this act.

8 (8) "Department" means the department of commerce.

9 (9) "Director" means the director of the department of commerce
10 or the director's designee.

11 (10) "Electric utility" means a consumer-owned utility or an
12 investor-owned utility.

13 (11) "Eligible building owner" means: (a) The owner of a covered
14 commercial building required to comply with the standard established
15 in RCW 19.27A.210; or (b) the owner of a multifamily residential
16 building where the floor area exceeds fifty thousand gross square
17 feet, excluding the parking garage area.

18 (12) "Energy" includes: Electricity, including electricity
19 delivered through the electric grid and electricity generated at the
20 building premises using solar or wind energy resources; natural gas,
21 including renewable natural gas, synthetic gas, or fossil gas;
22 district steam; district hot water; district chilled water; propane;
23 fuel oil; wood; coal; or other fuels used to meet the energy loads of
24 a building.

25 (13) "Energy use intensity" means a measurement that normalizes a
26 building's site energy use relative to its size. A building's energy
27 use intensity is calculated by dividing the total net energy consumed
28 in one year by the gross floor area of the building, excluding the
29 parking garage. "Energy use intensity" is reported as a value of
30 thousand British thermal units per square foot per year.

31 (14) "Energy use intensity target" means the net energy use
32 intensity of a covered commercial building that has been established
33 for the purposes of complying with the standard established under RCW
34 19.27A.210.

35 (15) "Gas company" includes every corporation, company,
36 association, joint stock association, partnership, and person, their
37 lessees, trustees, or receiver appointed by any court whatsoever, and
38 every city or town owning, controlling, operating, or managing any
39 gas plant within this state.

1 (16) "Greenhouse gas" includes carbon dioxide, methane, nitrous
2 oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.

3 (17) (a) "Gross floor area" means the total number of square feet
4 measured between the exterior surfaces of the enclosing fixed walls
5 of a building, including all supporting functions such as offices,
6 lobbies, restrooms, equipment storage areas, mechanical rooms, break
7 rooms, and elevator shafts.

8 (b) "Gross floor area" does not include outside bays or docks.

9 (18) "Investor-owned utility" means a company owned by investors,
10 that meets one of the definitions of RCW 80.04.010, and that is
11 engaged in distributing electricity to more than one retail electric
12 customer in the state.

13 (19) "Multifamily residential building" means a building
14 containing sleeping units or more than two dwelling units where
15 occupants are primarily permanent in nature.

16 (20) "Net energy use" means the sum of metered and bulk fuel
17 energy entering the building, minus the sum of metered energy leaving
18 the building.

19 (21) "Qualifying utility" means a consumer-owned or investor-
20 owned gas or electric utility that serves more than twenty-five
21 thousand customers in the state of Washington.

22 (22) "Savings-to-investment ratio" means the ratio of the total
23 present value savings to the total present value costs of a bundle of
24 an energy or water conservation measure estimated over the projected
25 useful life of each measure. The numerator of the ratio is the
26 present value of net savings in energy or water and nonfuel or
27 nonwater operation and maintenance costs attributable to the proposed
28 energy or water conservation measure. The denominator of the ratio is
29 the present value of the net increase in investment and replacement
30 costs less salvage value attributable to the proposed energy or water
31 conservation measure.

32 (23) "Standard" means the state energy performance standard for
33 covered commercial buildings established under RCW 19.27A.210.

34 (24) "Thermal energy company" has the same meaning as defined in
35 RCW 80.04.550.

36 (25) "Tier 2 covered commercial building" means a building where
37 the sum of nonresidential, hotel, motel, and dormitory floor areas
38 exceeds 25,000 gross square feet, excluding the parking garage area,
39 but does not exceed 50,000 gross square feet.

1 (26) "Tier 3 covered commercial building" means a building where
2 the sum of nonresidential, hotel, motel, and dormitory floor areas
3 exceeds 10,000 gross square feet, excluding the parking garage area,
4 but does not exceed 25,000 gross square feet.

5 (27) "Weather normalized" means a method for modifying the
6 measured building energy use in a specific weather year to energy use
7 under normal weather conditions.

8 NEW SECTION. Sec. 5. A new section is added to chapter 19.27A
9 RCW to read as follows:

10 (1) (a) By July 1, 2022, the department must adopt by rule a state
11 energy management and benchmarking requirement for tier 2 covered
12 commercial buildings and tier 3 covered commercial buildings.

13 (b) In establishing the requirements under (a) of this
14 subsection, the department must adopt requirements for building owner
15 implementation based on sections 5, 6, and 7 of ANSI/ASHRAE/IES
16 standard 100-2018 or more recent version, limited to energy
17 management planning, operations and maintenance planning, and energy
18 use analysis through benchmarking and associated reporting and
19 administrative procedures. Administrative procedures must include
20 exemptions for financial hardship.

21 (c) The department must provide a customer support program to
22 building owners including, but not limited to, outreach and
23 informational material including connecting to utility resources,
24 periodic training, phone and email support, and other technical
25 assistance.

26 (d) The department is authorized to impose an administrative
27 penalty upon a building owner for failing to submit documentation
28 demonstrating compliance with the requirements of this section.
29 Administrative penalties collected under this section must be
30 deposited into the low-income weatherization and structural
31 rehabilitation assistance account created in RCW 70A.35.030.

32 (2) By July 1, 2023, the department must provide the owners of
33 tier 2 covered commercial buildings with notification of
34 requirements.

35 (3) By July 1, 2024, the department must provide the owners of
36 tier 3 covered commercial buildings with notification of
37 requirements.

38 (4) The owner of a tier 2 or tier 3 covered commercial building
39 must report the building owner's compliance with the requirements to

1 the department in accordance with the schedule established under
2 subsection (5) of this section and every five years thereafter. For
3 each reporting date, the building owner must submit documentation to
4 demonstrate that they have developed and implemented the procedures
5 of sections 5, 6, and 7 of ANSI/ASHRAE/IES standard 100-2018 or more
6 recent version as modified by the department by rule, limited to
7 energy management planning, operations and maintenance planning, and
8 energy use analysis through benchmarking using United States
9 environmental protection agency's energy star portfolio manager.

10 (5) By July 1, 2025, tier 2 covered commercial building owners
11 shall submit reports to the department as required by the rules
12 adopted in subsection (1) of this section. By July 1, 2026, tier 3
13 covered commercial building owners shall submit reports to the
14 department as required by the rules adopted in subsection (1) of this
15 section.

16 (6) By July 1, 2027, the department shall evaluate benchmarking
17 data to determine energy use averages by building type. The
18 department shall submit a report to the legislature and the
19 governor's office by October 1, 2027, with recommendations for
20 building performance standards for tier 2 and tier 3 covered
21 commercial buildings. The report must include information on the cost
22 to building owners, by building occupancy type. The department is
23 authorized to adopt rules for inclusion of tier 2 and tier 3 covered
24 commercial buildings in the state energy performance standard created
25 in RCW 19.27A.210 starting in 2029.

26 **Sec. 6.** RCW 80.28.074 and 1988 c 166 s 1 are each amended to
27 read as follows:

28 The legislature declares it is the policy of the state to:

29 (1) ~~((Preserve affordable natural gas and electric services to
30 the residents of the state;~~

31 ~~(2))~~ Maintain and advance the efficiency and availability of
32 ~~((natural gas and electric))~~ energy services to the residents of the
33 state of Washington;

34 ~~((3))~~ (2) Ensure that customers pay only reasonable charges for
35 ~~((natural gas and electric))~~ energy services;

36 ~~((4))~~ (3) Permit flexible pricing of ~~((natural gas and
37 electric))~~ energy services; and

38 (4) Limit and reduce the use of fossil fuels for space and water
39 heating and advance the use of high-efficiency electric equipment.

1 NEW SECTION. **Sec. 7.** A new section is added to chapter 80.28
2 RCW to read as follows:

3 (1) Each gas company must operate and plan in a manner that is
4 consistent with the public interest, including:

5 (a) Providing energy services to customers that are reliable and
6 reasonably priced;

7 (b) Preserving and advancing the equitable distribution of energy
8 benefits and reduction of burdens to vulnerable populations and
9 highly impacted communities; long-term and short-term public health,
10 economic, and environmental benefits and the reduction of costs and
11 risks; and energy security and resiliency; and

12 (c) Contributing to meeting the state's environmental and climate
13 obligations, including the statewide greenhouse gas emissions limits
14 established in RCW 70A.45.020.

15 (2) The commission must consider and incorporate the requirements
16 of subsection (1) of this section in its regulation and oversight of
17 the rates, charges, rules, regulations, and practices of each gas
18 company.

19 NEW SECTION. **Sec. 8.** A new section is added to chapter 80.28
20 RCW to read as follows:

21 Beginning July 1, 2021, each gas company tariff for line
22 extensions for residential and commercial gas service must recover
23 the full cost of the extension from the customer requesting service.

24 **Sec. 9.** RCW 80.28.005 and 1994 c 268 s 1 are each amended to
25 read as follows:

26 (~~Unless the context clearly requires otherwise, the~~) The
27 definitions in this section apply throughout this chapter unless the
28 context clearly requires otherwise.

29 (1) "Bondable conservation investment" means all expenditures
30 made by electrical, gas, or water companies with respect to energy or
31 water conservation measures and services intended to improve the
32 efficiency of electricity, gas, or water end use, including related
33 carrying costs if:

34 (a) The conservation measures and services do not produce assets
35 that would be bondable utility property under the general utility
36 mortgage of the electrical, gas, or water company;

37 (b) The commission has determined that the expenditures were
38 incurred in conformance with the terms and conditions of a

1 conservation service tariff in effect with the commission at the time
2 the costs were incurred, and at the time of such determination the
3 commission finds that the company has proven that the costs were
4 prudent, that the terms and conditions of the financing are
5 reasonable, and that financing under this chapter is more favorable
6 to the customer than other reasonably available alternatives;

7 (c) The commission has approved inclusion of the expenditures in
8 rate base and has not ordered that they be currently expensed; and

9 (d) The commission has not required that the measures demonstrate
10 that energy savings have persisted at a certain level for a certain
11 period before approving the cost of these investments as bondable
12 conservation investment.

13 (2) "Conservation bonds" means bonds, notes, certificates of
14 beneficial interests in trusts, or other evidences of indebtedness or
15 ownership that:

16 (a) The commission determines at or before the time of issuance
17 are issued to finance or refinance bondable conservation investment
18 by an electrical, gas or water company; and

19 (b) Rely partly or wholly for repayment on conservation
20 investment assets and revenues arising with respect thereto.

21 (3) "Conservation investment assets" means the statutory right of
22 an electrical, gas, or water company:

23 (a) To have included in rate base all of its bondable
24 conservation investment and related carrying costs; and

25 (b) To receive through rates revenues sufficient to recover the
26 bondable conservation investment and the costs of equity and debt
27 capital associated with it, including, without limitation, the
28 payment of principal, premium, if any, and interest on conservation
29 bonds.

30 (4) "Finance subsidiary" means any corporation, company,
31 association, joint stock association, or trust that is beneficially
32 owned, directly or indirectly, by an electrical, gas, or water
33 company, or in the case of a trust issuing conservation bonds
34 consisting of beneficial interests, for which an electrical, gas, or
35 water company or a subsidiary thereof is the grantor, or an
36 unaffiliated entity formed for the purpose of financing or
37 refinancing approved conservation investment, and that acquires
38 conservation investment assets directly or indirectly from such
39 company in a transaction approved by the commission.

1 (5) (a) "Green hydrogen" means hydrogen produced using: (i)
2 Electricity that meets the carbon neutrality standard of RCW
3 19.405.040 by 2030 and carbon-free standard of RCW 19.405.050 by 2045
4 for the energy input into the production process; and (ii) renewable
5 resources for the source of the hydrogen.

6 (b) "Green hydrogen" includes renewable hydrogen.

7 (6) "Highly impacted community" has the same meaning as defined
8 in RCW 19.405.020.

9 (7) "Lowest reasonable cost" means the lowest cost mix of
10 resources determined through a detailed and consistent analysis of a
11 wide range of commercially available sources. At a minimum, this
12 analysis must consider resource costs, market-volatility risks,
13 demand-side resource uncertainties, the risks imposed on ratepayers,
14 resource effect on system operations, public policies regarding
15 resource preference adopted by Washington state or the federal
16 government, the cost of risks associated with environmental effects,
17 including the social cost of greenhouse gas emissions as determined
18 by the commission pursuant to RCW 80.28.395, and the need for
19 security of energy supply.

20 (8) "Low-income" means a household income as defined by the
21 commission, provided that the definition may not exceed the higher of
22 80 percent of area median household income or 200 percent of the
23 federal poverty level, adjusted for household size, as defined in RCW
24 19.405.020(25).

25 (9) "Transition implementation plan" means a comprehensive plan
26 developed by a gas company and submitted to the commission that
27 evaluates strategies to achieve a reduction in greenhouse gas
28 emissions from the combustion of natural gas, identifies specific
29 actions to meet an emissions reduction target at the lowest
30 reasonable cost for customers, evaluates cost and life-cycle
31 emissions associated with alternative pipeline fuels and electric
32 alternatives, and is consistent with the requirements specified in
33 RCW 19.27A.020.

34 (10) "Vulnerable population" has the same meaning as defined in
35 RCW 19.405.020.

36 **Sec. 10.** RCW 80.28.110 and 2011 c 214 s 20 are each amended to
37 read as follows:

38 Every (~~gas company,~~) electrical company, wastewater company, or
39 water company, engaged in the sale and distribution of (~~gas,~~)

1 electricity or water or the provision of wastewater company services,
2 shall, upon reasonable notice, furnish to all persons and
3 corporations who may apply therefor and be reasonably entitled
4 thereto, suitable facilities for furnishing and furnish all available
5 ((gas,)) electricity, wastewater company services, and water as
6 demanded, except that a water company may not furnish water contrary
7 to the provisions of water system plans approved under chapter 43.20
8 or ((70.116)) 70A.100 RCW and wastewater companies may not provide
9 services contrary to the approved general sewer plan.

10 **Sec. 11.** RCW 80.28.190 and 2003 c 53 s 383 are each amended to
11 read as follows:

12 (1) No gas company shall, after January 1, 1956, operate in this
13 state any gas plant for hire without first having obtained from the
14 commission under the provisions of this chapter a certificate
15 declaring that public convenience and necessity requires or will
16 require such operation and setting forth the area or areas within
17 which service is to be rendered; but a certificate shall be granted
18 where it appears to the satisfaction of the commission that such gas
19 company was actually operating in good faith, within the confines of
20 the area for which such certificate shall be sought, on June 8, 1955.
21 Any right, privilege, certificate held, owned or obtained by a gas
22 company may be sold, assigned, leased, transferred or inherited as
23 other property, only upon authorization by the commission. The
24 commission shall have power, after hearing, when the applicant
25 requests a certificate to render service in an area already served by
26 a certificate holder under this chapter only when the existing gas
27 company or companies serving such area will not provide the same to
28 the satisfaction of the commission and in all other cases, with or
29 without hearing, to issue the certificate as prayed for; or for good
30 cause shown to refuse to issue same, or to issue it for the partial
31 exercise only of the privilege sought, and may attach to the exercise
32 of the rights granted by the certificate such terms and conditions
33 as, in its judgment, the public convenience and necessity may
34 require.

35 (2) A gas company may not offer new service to any customer
36 located outside of the area authorized in its approved certificate of
37 public convenience and necessity as of July 1, 2021.

38 (3) The commission may, at any time, by its order duly entered
39 after a hearing had upon notice to the holder of any certificate

1 hereunder, and an opportunity to such holder to be heard, at which it
2 shall be proven that such holder willfully violates or refuses to
3 observe any of its proper orders, rules or regulations, suspend,
4 revoke, alter or amend any certificate issued under the provisions of
5 this section, but the holder of such certificate shall have all the
6 rights of rehearing, review and appeal as to such order of the
7 commission as is provided herein.

8 ~~((3))~~ (4) In all respects in which the commission has power and
9 authority under this chapter applications and complaints may be made
10 and filed with it, process issued, hearings held, opinions, orders
11 and decisions made and filed, petitions for rehearing filed and acted
12 upon, and petitions for writs of review to the superior court filed
13 therewith, appeals or mandate filed with the supreme court or the
14 court of appeals of this state considered and disposed of by such
15 courts in the manner, under the conditions, and subject to the
16 limitations and with the effect specified in the Washington utilities
17 and transportation commission laws of this state.

18 ~~((4))~~ (5) Every officer, agent, or employee of any corporation,
19 and every other person who violates or fails to comply with, or who
20 procures, aids or abets in the violation of any of the provisions of
21 this section or who fails to obey, observe or comply with any order,
22 decision, rule or regulation, directive, demand or requirements, or
23 any provision of this section, is guilty of a gross misdemeanor.

24 ~~((5))~~ (6) Neither this section, RCW 80.28.200, ~~((80.28.210,))~~
25 nor any provisions thereof shall apply or be construed to apply to
26 commerce with foreign nations or commerce among the several states of
27 this union except insofar as the same may be permitted under the
28 provisions of the Constitution of the United States and acts of
29 congress.

30 ~~((6))~~ (7) The commission shall collect the following
31 miscellaneous fees from gas companies: Application for a certificate
32 of public convenience and necessity or to amend a certificate,
33 twenty-five dollars; application to sell, lease, mortgage or transfer
34 a certificate of public convenience and necessity or any interest
35 therein, ten dollars.

36 NEW SECTION. **Sec. 12.** A new section is added to chapter 80.28
37 RCW to read as follows:

38 (1) By October 1, 2022, each gas company must develop and submit
39 to the commission a transition implementation plan to achieve a

1 reduction in greenhouse gas emissions, consistent with its
2 proportional obligation under RCW 70A.45.020, resulting from
3 combustion of natural gas sold or delivered by the company. Gas
4 companies may develop and file plans individually or collectively.
5 Starting in 2025, each gas company must provide updates to the
6 information requested under this section as part of its integrated
7 resource plans filed with the commission.

8 (2) A transition implementation plan must evaluate and compare
9 multiple strategies to identify the lowest reasonable cost
10 combination of strategies to achieve a reduction in greenhouse gas
11 emissions, consistent with the gas company's proportional obligation
12 under RCW 70A.45.020, resulting from the combustion of natural gas
13 sold or delivered by the company. To meet its required greenhouse gas
14 emissions reduction target under subsection (3) of this section, each
15 gas company must include in its transition implementation plan an
16 evaluation of the following emissions reduction strategies:

17 (a) Measures to increase the efficiency of energy use in
18 residential, industrial, and commercial buildings through building
19 thermal load reduction strategies such as envelope efficiency
20 improvements, hot water conservation, or process load reductions;

21 (b) Conversion of existing customers to high-efficiency electric
22 equipment through demographically targeted programs to support an
23 equitable transition;

24 (c) Geographically targeted programs to permanently decommission
25 portions of a gas company's distribution systems;

26 (d) Reduction of the carbon content of delivered gas by
27 incorporating renewable natural gas, green hydrogen, or other low-
28 carbon fuels; and

29 (e) Expansion of voluntary renewable natural gas programs.

30 (3) A transition implementation plan developed under this section
31 must:

32 (a) Identify specific actions to achieve the gas company's share
33 of the statewide obligation in RCW 70A.45.020 and must include an
34 estimate of the costs and benefits resulting from the transition,
35 including the costs and benefits that will accrue to vulnerable
36 populations and highly impacted communities. The cost-benefit
37 analysis must incorporate the avoided social cost of greenhouse gas
38 emissions resulting from the use of natural gas as determined by the
39 commission pursuant to RCW 80.28.395;

1 (b) Consider recommendations from the state energy strategy
2 created under RCW 43.21F.090;

3 (c) Consider indoor air quality impacts, especially for low-
4 income customers, vulnerable populations, and highly impacted
5 communities; and

6 (d) Identify changes to depreciation schedules or rates designed
7 to be consistent with specific actions in the transition
8 implementation plan.

9 (4) A transition implementation plan may include projects
10 authorized under RCW 80.28.420 that are anticipated to reduce
11 greenhouse gas emissions from pipelines through the reduction of
12 nonhazardous leaks.

13 (5) Each gas company must ensure an equitable transition of the
14 gas system by:

15 (a) Ensuring that the transition positively impacts low-income
16 households or highly impacted communities;

17 (b) Ensuring the equitable distribution of energy and nonenergy
18 benefits;

19 (c) Reducing current and future energy burdens, such as by
20 prioritizing rate management and assistance measures for low-income
21 households;

22 (d) Considering the impacts on small businesses, especially those
23 owned by and serving low-income households and vulnerable
24 populations, and providing support to assist small businesses in the
25 transition;

26 (e) Conferring with and taking into account the unique needs and
27 requirements of tribal communities with respect to tribal
28 sovereignty, traditional practices and customs, impacts on tribal
29 lands, the inclusion of tribal workers and contractors on transition
30 projects, and other impacts of the transition;

31 (f) Including provisions for equity and opportunity improvement
32 with respect to workforce development, including: (i) Employer paid
33 sick leave programs; (ii) pay practices in relation to living wage
34 indicators such as the self-sufficiency standard and the
35 Massachusetts Institute of Technology living wage calculator; (iii)
36 efforts to evaluate pay equity based on gender identity, race, and
37 other protected status under Washington law; and (iv) facilitating
38 career development opportunities such as state registered
39 apprenticeships, internships, on-the-job training, and other targeted
40 measures to increase access to those opportunities for Black,

1 indigenous, and other communities of color and enhance the diversity
2 of the clean energy workforce and contractors or supplier businesses;

3 (g) Providing for the just transition of affected workers through
4 layoff avoidance strategies; and

5 (h) Developing a contractor inclusion plan in coordination with
6 an outside coalition of groups that works to support the inclusion
7 and development of minority-owned businesses in clean energy and
8 construction projects.

9 (6) Transition implementation plans must be informed by the state
10 environmental justice council created in chapter . . . (Senate Bill
11 No. 5141), Laws of 2021, equity advisory boards, or another entity
12 that provides direct outreach to and input from highly impacted
13 communities and vulnerable populations. The commission must review
14 all transition implementation plans for consideration of these equity
15 dimensions.

16 (7) Prior to submitting a transition implementation plan to the
17 commission, a gas company must request the input of any electric
18 utility serving customers in the gas company's service area on the
19 development of the plan.

20 (8) This section does not apply to any gas company owned and
21 operated by a city or town, pursuant to RCW 80.04.500.

22 NEW SECTION. **Sec. 13.** A new section is added to chapter 80.28
23 RCW to read as follows:

24 (1) By October 1, 2022, the commission must open an investigation
25 to evaluate pathways for gas companies to achieve their proportional
26 share of greenhouse gas emissions reductions required under RCW
27 70A.45.020. The investigation should consider implications, findings,
28 and program adjustments in the gas company transition implementation
29 plans submitted to the commission under section 12 of this act.

30 (2) The investigation required under this section should include,
31 but not be limited to:

32 (a) Financial impacts on gas companies;

33 (b) Considerations related to the continued safe operation of the
34 gas system;

35 (c) Strategies to minimize costs and maximize benefits to
36 customers, especially vulnerable populations and highly impacted
37 communities;

38 (d) Health impacts of the transition of the gas system;

1 (e) Impacts of the transition of the gas system on the
2 infrastructure, supply needs, and reliability of electric utilities;
3 (f) Impacts to industrial and transport customers;
4 (g) Regulatory changes to facilitate the transition; and
5 (h) An economic assessment of strategies that allow gas companies
6 to repurpose gas system infrastructure.

7 (3) The commission may require gas companies to undertake
8 additional analysis as part of this investigation.

9 (4) The commission must report the results of the investigation
10 under this section to the appropriate committees of the legislature
11 by January 1, 2024.

12 (5) Nothing in this section prevents the commission from
13 considering updates to regulatory policies and practices to
14 facilitate a reduction in greenhouse gas emissions from gas companies
15 before the completion of the investigation required under this
16 section.

17 NEW SECTION. **Sec. 14.** A new section is added to chapter 80.28
18 RCW to read as follows:

19 (1) Each natural gas company has the responsibility, consistent
20 with the requirements of section 7 of this act, to meet system demand
21 with the least cost mix of energy supply, including: Natural gas;
22 renewable fuels; electrification; and conservation. In furtherance of
23 that responsibility, each gas company must develop an integrated
24 resource plan.

25 (2) At a minimum, an integrated resource plan developed under
26 this section must include:

27 (a) A range of forecasts of future natural gas demand in firm and
28 interruptible markets for each customer class that examine the effect
29 of economic forces on the consumption of natural gas and that address
30 changes in the number, type, and efficiency of natural gas end uses;

31 (b) An assessment of commercially available conservation,
32 including load management, as well as an assessment of currently
33 employed and new policies and programs needed to obtain the
34 conservation improvements;

35 (c) An assessment of gas supplies, including fossil natural gas
36 and all commercially available forms of renewable natural gas;

37 (d) An assessment of the impact of the electrification of the
38 building sector;

1 (e) An assessment of opportunities for using company-owned or
2 contracted storage;

3 (f) An assessment of pipeline transmission capability and
4 reliability;

5 (g) A comparative evaluation of the cost of natural gas
6 purchasing strategies, electrification, storage options, delivery
7 resources, and improvements in conservation using a consistent method
8 to calculate cost-effectiveness;

9 (h) The integration of the demand forecasts and resource
10 evaluations into a long-range integrated resource plan, for at least
11 the next 10 years, describing the mix of resources that is designated
12 to meet current and future needs at the lowest reasonable cost to the
13 utility and its ratepayers;

14 (i) A short-term plan outlining the specific actions to be taken
15 by the utility in implementing the long-range integrated resource
16 plan during each of the three years following submission;

17 (j) A report on the utility's progress towards implementing the
18 recommendations contained in its previously filed plan; and

19 (k) An assessment of current conditions, including:

20 (i) The economic, public health, and environmental conditions
21 within the utility's service territory. These conditions are not
22 restricted to the effects of utility actions, and the analysis must
23 include relevant information from publicly available sources,
24 including the cumulative impact analysis developed by the department
25 of health under RCW 19.405.140; and

26 (ii) The energy and nonenergy benefits and burdens associated
27 with the utility's infrastructure and programs, including benefits
28 and burdens caused by utility actions outside the utility's service
29 territory.

30 (3) The commission must establish, by rule or order, the schedule
31 for each gas company regulated by the commission to file an
32 integrated resource plan at least every four years. The gas company
33 must provide a work plan for informal commission review no later than
34 12 months prior to the due date of the integrated resource plan.

35 (a) The work plan must outline the content of the integrated
36 resource plan to be developed by the gas company and the method for
37 assessing potential resources.

38 (b) The work plan must outline the timing and extent of public
39 participation in the integrated resource plan process, including
40 participation opportunities for vulnerable populations and highly

1 impacted communities, as well as the gas company's plans to mitigate
2 barriers to participation.

3 (4) The commission must hear comment on an integrated resource
4 plan developed under this section at a public hearing.

5 (5) (a) To maximize transparency, the commission may require a gas
6 company regulated by the commission under RCW 80.28.020 to make data
7 input files available in a native format and in an easily accessible
8 format. The final integrated resource plan must be published either
9 as part of an annual report or as a separate document available to
10 the public. The report may be in an electronic form.

11 (b) Nothing in this subsection limits the protection of records
12 containing commercial information under RCW 80.04.095.

13 (6) The commission must consider the information reported in the
14 integrated resource plan when the commission evaluates the
15 performance of the gas company in rate and other proceedings.

16 (7) This section does not apply to any gas company owned or
17 operated by a city or town, pursuant to RCW 80.04.500.

18 **Sec. 15.** RCW 43.21F.055 and 1996 c 186 s 104 are each amended to
19 read as follows:

20 ~~((The department shall not intervene in any regulatory proceeding
21 before the Washington utilities and transportation commission or
22 proceedings of utilities not regulated by the commission.))~~ Nothing
23 in this chapter abrogates or diminishes the functions, powers, or
24 duties of the energy facility site evaluation council pursuant to
25 chapter 80.50 RCW, the utilities and transportation commission
26 pursuant to Title 80 RCW, or other state or local agencies
27 established by law.

28 ~~((The department shall avoid duplication of activity with other
29 state agencies and officers and other persons.))~~

30 NEW SECTION. **Sec. 16.** A new section is added to chapter 35.92
31 RCW to read as follows:

32 (1) The governing authority of an electric utility formed under
33 this chapter may adopt a beneficial electrification plan that
34 establishes a finding that utility outreach and investment in the
35 electrification of homes and buildings will provide net benefits to
36 the utility. Prior to adopting a beneficial electrification plan, the
37 governing authority must request the input of any natural gas company

1 serving customers in the electric utility's service area on the
2 development of the plan.

3 (2) A beneficial electrification plan adopted under subsection
4 (1) of this section must identify options and program schedules for
5 the electrification of various energy end-uses or other energy
6 sources.

7 (3) In adopting a beneficial electrification plan under
8 subsection (1) of this section, the governing authority of an
9 electric utility formed under this chapter must determine that the
10 sum of the benefits of an electrification option equals or exceeds
11 the sum of its costs. As part of this determination, the governing
12 authority may differentiate the level of benefits and costs accrued
13 to low-income, highly impacted communities, and vulnerable
14 populations in the electric utility's service area, as those terms
15 are defined in RCW 19.405.020.

16 (a) The benefits of beneficial electrification considered by a
17 governing authority may include, but are not limited to, system
18 impacts, as well as the following:

19 (i) Utility revenue from increased retail load from beneficial
20 electrification;

21 (ii) Distribution system efficiencies resulting from demand
22 response or other load management opportunities, including direct
23 control and dynamic pricing, associated with the increased retail
24 load;

25 (iii) System reliability improvements;

26 (iv) The opportunity for indoor and outdoor air quality benefits
27 to existing utility customers and customers from projects constructed
28 after the effective date of this section;

29 (v) The opportunity for greenhouse gas emissions reductions from
30 existing utility customers and customers from projects constructed
31 after the effective date of this section, consistent with the
32 emission reduction targets recommended by the department of ecology
33 under RCW 70A.45.020; and

34 (vi) Other benefits identified by the governing authority.

35 (b) The costs of beneficial electrification considered by a
36 governing authority must include, but are not limited to:

37 (i) The electricity, which must be demonstrated to have, during
38 the life cycle of the electric appliance, a lower greenhouse gas
39 emissions profile than direct-use natural gas, or any other resources

1 used to serve or offset the increased retail load from beneficial
2 electrification;

3 (ii) Any upgrades to the utility's distribution system or load
4 management practices and equipment made necessary by the increased
5 retail load; and

6 (iii) The cost of the incentive, advertising, or other
7 inducements used to encourage customers to electrify an energy end-
8 use currently served by a different fuel source.

9 (4) An electric utility formed under this chapter may, upon
10 making a determination in accordance with subsection (1) of this
11 section, offer incentives and other programs to accelerate the
12 beneficial electrification of homes and buildings for its customers,
13 including the promotion of electrically powered equipment,
14 advertising beneficial electrification programs and projects,
15 educational programs, and customer incentives or rebates. An electric
16 utility offering such incentives and other programs must prioritize
17 service to highly impacted communities in the electric utility's
18 service area, as that term is defined in RCW 19.405.020.

19 (5) For the purposes of this section, "beneficial
20 electrification" means electrification of an energy end-use in a way
21 that provides a net benefit to the utility consistent with subsection
22 (3) of this section.

23 (6) Nothing in this section limits the existing authority of an
24 electric utility formed under this chapter to offer incentives and
25 other programs to accelerate the electrification of homes and
26 buildings for its customers if such electrification is in the direct
27 economic interest of the electric utility.

28 NEW SECTION. **Sec. 17.** A new section is added to chapter 54.16
29 RCW to read as follows:

30 (1) The commission of a public utility district may adopt a
31 beneficial electrification plan that establishes a finding that
32 outreach and investment in the electrification of homes and buildings
33 will provide net benefits to the utility. Prior to adopting a
34 beneficial electrification plan, the commission of a public utility
35 district must request the input of any natural gas company serving
36 customers in the public utility district's service area on the
37 development of the plan.

38 (2) A beneficial electrification plan adopted under subsection
39 (1) of this section must identify options and program schedules for

1 the electrification of various energy end-uses or other energy
2 sources.

3 (3) In adopting a beneficial electrification plan under
4 subsection (1) of this section, the commission of a public utility
5 district must determine that the sum of the benefits of an
6 electrification option equals or exceeds the sum of its costs. As
7 part of this determination, the commission may differentiate the
8 level of benefits and costs accrued to highly impacted communities
9 and vulnerable populations in the public utility district's service
10 area, as those terms are defined in RCW 19.405.020.

11 (a) The benefits of beneficial electrification considered by a
12 commission may include, but are not limited to, system impacts, as
13 well as the following:

14 (i) Utility revenue from increased retail load from beneficial
15 electrification;

16 (ii) Distribution system efficiencies resulting from demand
17 response or other load management opportunities, including direct
18 control and dynamic pricing, associated with the increased retail
19 load;

20 (iii) System reliability improvements;

21 (iv) The opportunity for indoor and outdoor air quality benefits
22 to existing utility customers and customers from projects constructed
23 after the effective date of this section;

24 (v) The opportunity for greenhouse gas emissions reductions from
25 existing utility customers and customers from projects constructed
26 after the effective date of this section, consistent with the
27 emission reduction targets recommended by the department of ecology
28 under RCW 70A.45.020; and

29 (vi) Other benefits identified by the commission of the public
30 utility district.

31 (b) The costs of beneficial electrification considered by a
32 commission must include, but are not limited to:

33 (i) The electricity, which must be demonstrated to have, during
34 the life cycle of the electric equipment, a lower greenhouse gas
35 emissions profile than direct-use natural gas, or any other resources
36 used to serve or offset the increased retail load from beneficial
37 electrification;

38 (ii) Any upgrades to the utility's distribution system or load
39 management practices and equipment made necessary by the increased
40 retail load; and

1 (iii) The cost of the incentive, advertising, or other
2 inducements used to encourage customers to electrify an energy end-
3 use currently served by a different fuel source.

4 (4) A public utility district may, upon making a determination in
5 accordance with subsection (1) of this section, offer incentives and
6 other programs to accelerate the beneficial electrification of homes
7 and buildings for its customers, including the promotion of
8 electrically powered equipment, advertising beneficial
9 electrification programs and projects, educational programs, and
10 customer incentives or rebates. A public utility district offering
11 such incentives and other programs must prioritize service to highly
12 impacted communities in the public utility district's service area,
13 as that term is defined in RCW 19.405.020.

14 (5) For the purposes of this section, "beneficial
15 electrification" means electrification of an energy end-use in a way
16 that provides a net benefit to the utility consistent with subsection
17 (3) of this section.

18 (6) Nothing in this section limits the existing authority of the
19 commission of a public utility district to offer incentives and other
20 programs to accelerate the electrification of homes and buildings for
21 its customers if, over the life of the electrification incentive or
22 program, such electrification is in the direct economic interest of
23 the public utility district.

24 **Sec. 18.** 2007 c 349 s 1 (uncodified) is amended to read as
25 follows:

26 The legislature finds and declares that greenhouse gases offset
27 contracts, credits, and other greenhouse gases mitigation efforts,
28 including beneficial electrification, are a recognized utility
29 purpose that confers a direct benefit on the utility's ratepayers.
30 The legislature declares that (~~section 2 of this act~~) RCW 35.92.430
31 is intended to reverse the result of *Okeson v. City of Seattle*
32 (January 18, 2007), by expressly granting municipal utilities the
33 statutory authority to engage in mitigation activities to offset
34 their utility's impact on the environment.

35 **Sec. 19.** RCW 35.92.430 and 2007 c 349 s 2 are each amended to
36 read as follows:

37 (1) A city or town authorized to acquire and operate utilities
38 for the purpose of furnishing the city or town and its inhabitants

1 and other persons with water, with electricity for lighting and other
2 purposes, or with service from sewerage, stormwater, surface water,
3 or solid waste handling facilities, may develop and make publicly
4 available a plan to reduce its greenhouse ((gases)) gas emissions or
5 achieve no-net emissions from all sources of greenhouse gases that
6 the utility owns, leases, uses, contracts for, or otherwise controls.

7 (2) A city or town authorized to acquire and operate utilities
8 for the purpose of furnishing the city or town and its inhabitants
9 and other persons with water, with electricity for lighting and other
10 purposes, or with service from sewerage, stormwater, surface water,
11 or solid waste handling facilities, may, as part of its utility
12 operation, mitigate the environmental impacts, such as greenhouse
13 ((gases)) gas emissions, of its operation, including any power
14 purchases. The mitigation may include, but is not limited to, those
15 greenhouse gases mitigation mechanisms recognized by independent,
16 qualified organizations with proven experience in emissions
17 mitigation activities. Mitigation mechanisms may include the
18 purchase, trade, and banking of greenhouse gases offsets or credits.
19 If a state greenhouse gases registry is established, a utility that
20 has purchased, traded, or banked greenhouse gases mitigation
21 mechanisms under this section shall receive credit in the registry.
22 Mitigation may also include implementation of programs including, but
23 not limited to, beneficial electrification programs that result in
24 quantifiable and verified reductions in greenhouse gas emissions from
25 homes and buildings located in the utility's service territory. A
26 utility may promote and advertise a greenhouse gas emissions
27 reduction program to its ratepayers.

28 **Sec. 20.** 2007 c 349 s 3 (uncodified) is amended to read as
29 follows:

30 The legislature finds and declares that greenhouse gases offset
31 contracts, credits, and other greenhouse gases mitigation efforts,
32 including beneficial electrification, are a recognized utility
33 purpose that confers a direct benefit on the utility's ratepayers.
34 The legislature declares that ((section 4 of this act)) RCW 54.16.390
35 is intended to reverse the result of *Okeson v. City of Seattle*
36 (January 18, 2007), by expressly granting public utility districts
37 the statutory authority to engage in mitigation activities to offset
38 their utility's impact on the environment.

1 **Sec. 21.** RCW 54.16.390 and 2007 c 349 s 4 are each amended to
2 read as follows:

3 (1) A public utility district may develop and make publicly
4 available a plan for the district to reduce its greenhouse ((gases))
5 gas emissions or achieve no-net emissions from all sources of
6 greenhouse gases that the district owns, leases, uses, contracts for,
7 or otherwise controls.

8 (2) A public utility district may, as part of its utility
9 operation, mitigate the environmental impacts, such as greenhouse
10 ((gases)) gas emissions, of its operation and any power purchases.
11 Mitigation may include, but is not limited to, those greenhouse gases
12 mitigation mechanisms recognized by independent, qualified
13 organizations with proven experience in emissions mitigation
14 activities. Mitigation mechanisms may include the purchase, trade,
15 and banking of greenhouse gases offsets or credits. If a state
16 greenhouse gases registry is established, a public utility district
17 that has purchased, traded, or banked greenhouse gases mitigation
18 mechanisms under this section shall receive credit in the registry.
19 Mitigation may also include implementation of programs including, but
20 not limited to, beneficial electrification programs that result in
21 quantifiable and verified reductions in greenhouse gas emissions from
22 homes and buildings located in the public utility district's service
23 territory. A public utility district may promote and advertise a
24 greenhouse gas emissions reduction program to its ratepayers.

25 NEW SECTION. **Sec. 22.** A new section is added to chapter 43.330
26 RCW to read as follows:

27 (1) A heat pump and electrification program is established within
28 the department. The purpose of the program is to support job creation
29 and workforce development through the transition of residential and
30 commercial buildings away from fossil fuels and greenhouse gas
31 emissions by providing incentives, education, and outreach resources
32 for the installation of high-efficiency electric heat pumps and other
33 electric equipment.

34 (2) The department shall implement a statewide heat pump program
35 consistent with the following:

36 (a) Provide coordination and technical assistance to utilities,
37 housing providers, residential and commercial builders, and the
38 public to promote the adoption of high-efficiency electric heat pump
39 equipment for space and water heating;

1 (b) Develop and distribute educational materials about the
2 benefits of heat pump technology;

3 (c) Develop strategies to ensure that the program prioritizes
4 services to low-income households, vulnerable populations, and highly
5 impacted communities, including dedicating a portion of the program
6 funding for this purpose. For the purposes of this subsection (2)(c),
7 "highly impacted communities" has the same meaning as defined in RCW
8 80.28.005;

9 (d) In coordination with the state apprenticeship and training
10 council, support the further development of workforce training for
11 the installation of high-efficiency electric heat pump equipment;

12 (e) Convene a community-based advisory committee led by
13 community-based organizations to ensure that workforce training is
14 accessible to diverse communities in order to reverse patterns of
15 discrimination present in the clean energy workforce; and

16 (f) Develop and implement an incentive program for residential
17 and commercial building owners that convert from a fossil fuel space
18 or water heating system to a high-efficiency electric heat pump. In
19 developing the incentive, the department must implement higher
20 payments for those with low or moderate incomes, residents or owners
21 of rental properties, and other populations who may be overburdened
22 and vulnerable. Projects or activities funded from the incentive must
23 meet high labor standards, including family sustaining wages,
24 providing benefits including health care and pensions, career
25 development opportunities, and maximize access to economic benefits
26 from such projects for local workers and diverse businesses by
27 providing support and development opportunities for diverse workers
28 and businesses. Each contracting entity's proposal must be reviewed
29 for equity and opportunity improvement efforts, including: (i)
30 Employer paid sick leave programs; (ii) pay practices in relation to
31 living wage indicators such as the self-sufficiency standard and the
32 Massachusetts Institute of Technology living wage calculator; (iii)
33 efforts to evaluate pay equity based on gender identity, race, and
34 other protected status under Washington law; (iv) facilitating career
35 development opportunities such as state registered apprenticeships,
36 internships, and on-the-job training; and (v) employment assistance
37 and employment barriers for justice affected individuals. The
38 department may align the incentive program with a goal of reducing
39 greenhouse gas emissions from the refrigerants used in incentivized
40 products and equipment.

1 (3) The department is authorized to contract with a nonprofit
2 trade association, regional market transformation organization, or
3 community organization to implement the program in partnership with
4 community-based workforce and contractor development organizations to
5 assist with developments and must consider contractor inclusion plans
6 in coordination with the office of women and minority-owned
7 businesses.

8 NEW SECTION. **Sec. 23.** This act may be known and cited as the
9 healthy homes and clean buildings act.

10 NEW SECTION. **Sec. 24.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

--- END ---