

Proposed Substitute House Bill 1391 (H-1146.1)

House Environment & Energy Committee

By Representative Ramel

Original Bill:

Concerning energy in buildings.

Proposed Substitute (H-1146.1) compared to the original bill:

- Removes the community workforce agreement requirements and directs the technical advisory group (TAG) to convene stakeholders to evaluate whether and how a workforce agreement could streamline projects.
- Qualifies that the administrator must do the detailed work of the Navigator Program to the extent that the requirements align with programs and funding authorized under the federal Inflation Reduction Act.
- Directs the Navigator Program to consult and coordinate with energy utilities on various aspects of the program and leverage existing utility programs.
- Removes the contractor qualification process and replaces it with a requirement that the administrator develop a contractor network.
- Makes changes to the TAG:
 - Changes the membership to include seven members representing low-income and overburdened communities, three members representing labor and workforce, three members representing industry, two members representing utilities, and three members representing the environment.
 - Requires the TAG to make recommendations on workforce development, contractor needs, and training curriculum, in addition to recommendations on how to ensure that projects supported by the program pay at least a rate consistent with the prevailing wage, and ensure there is a pathway for small business and minority and women-owned contractors to comply with requirements.
 - Allows the TAG to recommend expanding the size of projects to buildings above 20,000 square feet, including schools, which would potentially be paired with adding consolidated labor standards.
- Removes the requirement that the administrator provide income qualification services, and instead requires the administrator to provide recommendations for income-based programs, in coordination with agencies delivering income qualified services.
- Adds an outreach requirement to provide scientific and industry accepted strategies for energy and electrification upgrades through information programs, planning tools, and direct technical support where possible.

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Staff: Megan McPhaden (786-7114), Office of Program Research
Date: February 9, 2023
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- Adds “opportunities for minority and women-owned businesses, services delivered to low-income and overburdened communities, nonenergy benefits” to the performance metrics that must be in the Department of Commerce (Commerce) contract with any administrator;
- Adds an energy burden reduction metric to Commerce’s implementation report to the Legislature, and requires this report to recommend how to close gaps in funding and services that restrict access for low and moderate-income residents.
- Clarifies that the administrator must assist with accessing energy audits in addition to performing them.
- Makes changes to intent language.

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1 AN ACT Relating to energy in buildings; amending RCW 70A.50.010;
2 adding new sections to chapter 70A.50 RCW; and creating a new
3 section.

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

5 NEW SECTION. **Sec. 1.** The legislature recognizes the findings in
6 the 2021 state energy strategy, which reports that improving the
7 energy efficiency of buildings is the most cost-effective means to
8 meet the state's emissions and energy goals for buildings. While
9 there have been significant energy efficiency savings achieved in the
10 state over the past four decades, there remains enormous potential to
11 achieve even greater savings in existing buildings. Increasing access
12 to energy efficiency improvements, such as weatherization measures
13 and installation of highly efficient electric appliances, in
14 residential and nonresidential buildings achieves many benefits
15 including reducing energy bills, avoiding the need for new
16 electricity generating facilities and electricity transmission, and
17 creating living wage jobs.

18 The legislature also recognizes the 2021 state energy strategy's
19 electrification scenario findings that the amount of fossil natural
20 gas delivered to buildings must be reduced by 90 percent from 2020 to
21 2050 to meet the state's emissions limits. The electrification

1 scenario indicates substantial near-term and long-term benefits from
2 energy reduction measures in buildings. This points to the value of
3 early and aggressive action to improve energy efficiency, including
4 electrification and other efficiency measures in buildings.
5 Implementing multiple measures simultaneously in each building and
6 achieving a high level of market penetrations will achieve economies
7 of scale and help lower costs of energy upgrades.

8 Furthermore, in order to put the state on a pathway to meeting
9 the emissions limits as outlined in RCW 70A.45.020, the strategy
10 recommends widespread conversion of fossil fuel end uses to
11 electricity, to deploy more demand responsive and energy efficiency
12 technologies, and to increase the supply of electricity from
13 renewable energy.

14 The 2022 report to the legislature on state weatherization plus
15 health programs recommends the state provide funding to expand the
16 suite of weatherization and community energy efficiency program
17 services statewide, prioritizing multifamily housing, fossil fuel-
18 heated housing, and high energy burden communities.

19 It is the intent of the legislature that financial and technical
20 assistance programs be expanded to direct local, state, and federal
21 funds as well as electric and natural gas utility funding towards
22 greater achievement of energy efficiency improvements. To this end,
23 the legislature establishes a policy goal of providing cost-effective
24 electrification and energy efficiency services to the state's
25 residential and commercial buildings over the next 10 years. The
26 legislature also intends to attain this goal in part through
27 supporting programs for state registered apprenticeship programs and
28 other clean energy career pathway programs, and that there is a
29 maximum living wage job creation in fields related to building energy
30 retrofits.

31 By leveraging state resources available through the climate
32 commitment act, the legislature intends to rapidly leverage the
33 various funding streams created in the federal inflation reduction
34 act and ensure that our state has projects ready and optimizes all
35 available federal resources. Washington's approach to this work will
36 ensure that low-income and moderate-income Washingtonians can fully
37 benefit from federal investment.

38 **Sec. 2.** RCW 70A.50.010 and 2020 c 20 s 1410 are each amended to
39 read as follows:

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

3 (1) "Administrator" means an entity including, but not limited
4 to, a nonprofit corporation or community-based organization. An
5 administrator may not be an energy utility.

6 (2) "Customers" means residents, businesses, and building owners.

7 ~~((2))~~ (3) "Department" means the department of commerce.

8 (4) "Direct outreach" means:

9 (a) ~~((The))~~ Outreach including, but not limited to, the use of
10 door-to-door contact, community events, online advertising, vendor
11 promotions, and other methods of direct interaction with customers to
12 inform them of energy efficiency and weatherization opportunities in
13 coordination with local utilities; and

14 (b) The performance of energy audits.

15 ~~((3))~~ (5) "Electrification services" includes energy audits,
16 evaluation of on-site renewable energy, heat pumps and heat pump
17 water heaters, efficient electric appliances, electric vehicle
18 charging, and includes assistance with paperwork, arranging for
19 financing, program design and development, and other postenergy audit
20 assistance and education to help customers meet their energy savings
21 goals.

22 (6) "Energy audit" means an assessment of building energy
23 efficiency and fossil fuel reduction opportunities, from measures
24 that require very little investment and without any disruption to
25 building operation, normally involving general building operational
26 measures, to low or relatively higher cost investment, such as
27 installing timers to turn off equipment, replacing light bulbs,
28 installing insulation, replacing equipment and appliances with higher
29 efficiency equipment and appliances or appliances and equipment that
30 do not use fossil fuels, and similar measures. The term includes an
31 assessment of alternatives for generation of heat and power from
32 renewable energy resources, including but not limited to installation
33 of solar water heating and equipment for photovoltaic electricity
34 generation and storage.

35 ~~((4))~~ (7) "Energy efficiency and conservation block grant
36 program" means the federal program created under the energy
37 independence and security act of 2007 (P.L. 110-140).

38 ~~((5))~~ (8) "Energy efficiency services" means energy audits,
39 weatherization, energy efficiency retrofits, energy management
40 systems as defined in RCW 39.35.030, smart metering, and other

1 activities to reduce a customer's energy consumption, and includes
2 assistance with paperwork, arranging for financing, program design
3 and development, and other postenergy audit assistance and education
4 to help customers meet their energy savings goals.

5 ~~((+6))~~ (9) "Energy services" means electrification services and
6 energy efficiency services.

7 (10) "Low-income ((individual))" means ((an individual whose
8 annual)) household income ((does)) as defined by the department,
9 provided that the definition may not exceed ((eighty)) 80 percent of
10 ((the area)) median household income ((for the metropolitan,
11 micropolitan, or combined statistical area in which that individual
12 resides as determined annually by the United States department of
13 housing and urban development)) adjusted for household size, for the
14 county in which the dwelling unit is located.

15 (11)(a) "Overburdened community" means a geographic area where a
16 vulnerable population faces combined, multiple environmental harms
17 and health impacts or risks due to exposure to environmental
18 pollutants or contaminants through multiple pathways, which may
19 result in significant disparate adverse health outcomes or effects.

20 (b) "Overburdened community" includes, but is not limited to:

21 (i) A highly impacted community as defined in RCW 19.405.020;

22 (ii) Communities located in census tracts that are fully or
23 partially on "Indian country" as defined in 18 U.S.C. Sec. 1151; and

24 (iii) Populations, including Native Americans or immigrant
25 populations, who may be exposed to environmental contaminants and
26 pollutants outside of the geographic area in which they reside based
27 on the populations' use of traditional or cultural foods and
28 practices, such as the use of resources, access to which is protected
29 under treaty rights in ceded areas, when those exposures in
30 conjunction with other exposures may result in disproportionately
31 greater risks, including risks of certain cancers or other adverse
32 health effects and outcomes.

33 (c) An overburdened community identified by the department may
34 include the same communities as those identified by the department
35 through its process for identifying overburdened communities under
36 RCW 70A.02.010.

37 ~~((+7))~~ (12) "Sponsor" means any entity or group of entities that
38 submits a proposal under RCW 70A.50.020, including but not limited to
39 any nongovernmental nonprofit organization, local community action
40 agency, tribal nation, community service agency, public service

1 company, county, municipality, publicly owned electric, or natural
2 gas utility.

3 ~~((+8))~~ (13) "Sponsor match" means the share, if any, of the cost
4 of efficiency improvements to be paid by the sponsor.

5 ~~((+9))~~ (14) "Weatherization" means ~~((making energy and resource
6 conservation and energy efficiency improvements))~~ activities that
7 achieve one or more of the following: (a) Energy and resource
8 conservation; (b) energy efficiency improvements; (c) repairs, indoor
9 air quality improvements, and health and safety improvements; and (d)
10 client education.

11 NEW SECTION. **Sec. 3.** A new section is added to chapter 70A.50
12 RCW to read as follows:

13 (1)(a) The department is authorized to establish and oversee a
14 statewide building energy upgrade navigator program. The purpose of
15 the navigator program is to provide a statewide resource to assist
16 building owners with accessing electrification services and energy
17 efficiency services, funding, and any other assistance that will
18 result in the reduction of greenhouse gas emissions, job creation,
19 business opportunities, and workforce development in the building
20 sector.

21 (b) The department must coordinate and collaborate with the
22 Washington State University extension energy program on the design,
23 administration, and implementation of the navigator program.

24 (c) The department may consult with other programs, entities, and
25 stakeholders, including energy utilities, as the department
26 determines to be appropriate on the design, administration, and
27 implementation of the navigator program.

28 (2)(a) The department must contract with an administrator or
29 administrators to implement the navigator program on behalf of the
30 state. The administrator or administrators must be selected through a
31 competitive process, and contracts may not exceed five years in
32 duration. The administrator contracts may be funded with any eligible
33 funds for such purpose, including state and federal dollars.

34 (b) The department must ensure the requirements of the navigator
35 program are being met through the contract terms with the
36 administrator or administrators. The department must include
37 performance metrics in any administrator's contract that are
38 sufficient to allow the department and the legislature to evaluate
39 the energy savings, greenhouse gas emissions reductions, consumer

1 cost savings, wage and employment impacts, including opportunities for
2 minority and women-owned businesses, services delivered to low-income
3 and overburdened communities, nonenergy benefits, and customer
4 satisfaction resulting from the administrator's operation of the
5 navigator program.

6 (c) The department must enter into a contract with an
7 administrator or administrators by March 1, 2024. The legislature
8 intends for the administrator or administrators to begin providing as
9 many of the services outlined in this section as possible immediately
10 and recognizes that it may take more time for some services to be
11 provided than others. Therefore, the administrator or administrators
12 must first focus on providing clear education and community outreach
13 to customers on navigating through relevant funding opportunities and
14 leverage existing energy utility programs.

15 (3) The administrator or administrators of the navigator program
16 must align this program with programs and funding authorized under
17 the federal inflation reduction act and, to the extent consistent
18 with such alignment:

19 (a) Provide outreach and deliver energy services to: (i) Owner-
20 occupied and rental residences; (ii) commercial buildings under
21 20,000 square feet; and (iii) single-family and multifamily
22 dwellings;

23 (b) Strive for coverage for all geographic regions in the state;

24 (c) Support energy efficient and emissions reductions
25 alternatives for all types of fuel used in buildings;

26 (d) Develop strategies to ensure that the navigator program
27 prioritizes services to low-income households, vulnerable
28 populations, and overburdened communities identified by the
29 department, including tribal communities, and consider the energy
30 decarbonization pathways examination of the natural gas
31 decarbonization study conducted by the utilities and transportation
32 commission as required by chapter 334, Laws of 2021. Strategies may
33 include dedicating a portion of the navigator program funding for
34 these prioritized services;

35 (e) Support the integrated implementation of all relevant energy
36 utility energy efficiency programs, any available community programs,
37 and all relevant clean buildings programs funded in any state budget
38 including, but not limited to, the following programs:

1 (i) High efficiency electric home rebate program, as described in
2 chapter (House Bill No. (the omnibus capital
3 appropriations act)), Laws of 2023;

4 (ii) Energy burden reduction grant program using the existing
5 network of the federal low-income home energy assistance program to
6 provide low-income households with energy utility bill assistance, as
7 described in chapter (House Bill No. (the omnibus
8 operating appropriations act)), Laws of 2023;

9 (iii) Weatherization plus health program, as described in
10 chapter (House Bill No. (the omnibus capital
11 appropriations act)), Laws of 2023; and

12 (iv) Inflation reduction act home owner managing energy savings
13 rebate program, as described in chapter (House Bill
14 No. (the omnibus capital appropriations act)), Laws of
15 2023; and

16 (f) Develop a contractor network to assist with finding and
17 accessing qualified energy contractors for customers as outlined in
18 subsection (5)(a) of this section and coordinate with existing energy
19 utility contractor network programs. The contractor network must
20 consist of contractors that, at a minimum, have met or are committed
21 to meeting any training requirements or other qualifying provisions
22 required by the administrator or recommended by the technical
23 advisory group established in section 4 of this act. The
24 administrator must conduct targeted outreach, and coordinate with the
25 office of minority and women's business enterprises as created in RCW
26 39.19.030, to ensure the contractor network consists of a diversity
27 of contractors across the state.

28 (4) The outreach to customers as required in subsection (3) of
29 this section must include:

30 (a) Creating and maintaining updated and educational marketing
31 materials, which must include advice about all relevant funds and
32 financial assistance available from federal, state, local, and energy
33 utility programs including, but not limited to, incentives, tax
34 credits, grants, loan programs, or other support;

35 (b) Providing currently scientific and industry accepted
36 strategies for energy and electrification upgrades through
37 information programs, planning tools, and direct technical support
38 where possible;

39 (c) Assistance with performing or accessing energy audits to
40 provide recommendations to customers on a wide range of cost-

1 effective energy and health improvements where relevant including,
2 but not limited to:

3 (i) Weatherization, including adding insulation, sealing cracks,
4 and making other changes that reduce heat loss, save money on heating
5 bills, and improve the health and safety of buildings;

6 (ii) Electric appliance conversions or upgrades;

7 (iii) Electrification, including installation of space heat
8 pumps, heat pump hot water heaters, and electric panel upgrades and
9 wiring;

10 (iv) Information regarding the availability of smart meter
11 technology provided by electric utilities;

12 (v) Solar photovoltaic panels, battery storage, and other on-site
13 sources of renewable energy;

14 (vi) Electric vehicle charging; and

15 (vii) Smart thermostats; and

16 (d) Providing community outreach in collaboration with the
17 department's programs and energy utility programs to reach and serve
18 underserved communities.

19 (5) The energy services for customers as required in subsection
20 (3) of this section must include:

21 (a) Assistance with finding and accessing qualified energy
22 contractors to implement energy audit recommendations;

23 (b) Recommendations for programs customers may be eligible for
24 based on income, in coordination with agencies delivering income
25 qualified services, including the department's weatherization plus
26 health program; and

27 (c) Assistance with securing financing.

28 (6) To assist the technical advisory group established in section
29 4 of this act, the administrator must convene labor representatives,
30 participating contractors, and other stakeholders, to evaluate
31 whether and how a workforce agreement could streamline project
32 implementation where multiple funding sources have various program
33 reporting requirements.

34 (7) The administrator may directly administer incentives and
35 rebates for programs as directed by the department.

36 (8) The administrator may not provide any financial or technical
37 assistance for any projects that include installation of new natural
38 gas or other fossil fuel appliances.

39 (9) The administrator may develop a database portal to identify
40 and track:

1 (a) The geographic location of services provided;

2 (b) Customer interactions; and

3 (c) Performance metrics for work completed.

4 (10) The department must report to the legislature on the
5 implementation of the statewide building energy upgrade navigator
6 program including, but not limited to, the implementation of
7 community workforce agreements.

8 (a) The report must include detail on the following performance
9 metrics:

10 (i) Monetary, greenhouse gas, and energy savings achieved;

11 (ii) Savings to investment ratio achieved for customers;

12 (iii) Wage levels of jobs created;

13 (iv) Utilization of state registered preapprentice and
14 apprenticeship programs;

15 (v) Efficiency and speed of delivery of services;

16 (vi) Public health benefits, including indoor and outdoor air
17 quality improvements and increased access to cooling for climate
18 resilience; and

19 (vii) Reduction of energy burdens for low-income and moderate-
20 income residents.

21 (b) The report must include recommendations for additional energy
22 efficiency, electrification, and distributed energy programs for
23 customers to: (i) Maximize deployment of energy efficiency services;
24 (ii) achieve higher rates of penetration and economies of scale
25 related to implementing multiple measures simultaneously; and (iii)
26 close gaps in funding and services that restrict access for low-
27 income and moderate-income residents.

28 (c) The department's report to the legislature is due by
29 September 1st of even-numbered years.

30 (11) Nothing in this section may supplant energy efficiency
31 programs administered by energy utilities.

32 NEW SECTION. **Sec. 4.** A new section is added to chapter 70A.50
33 RCW to read as follows:

34 (1) The department must convene a technical advisory group by
35 December 1, 2023, to provide ongoing guidance to the statewide
36 building energy upgrade navigator program established in section 3 of
37 this act. The technical advisory group's guidance must include
38 recommendations on how to continuously improve and grow the program,
39 address any gaps in program design and implementation, address split

1 incentives, and how to incorporate the department of health's
2 environmental health disparities mapping tool into the work of the
3 navigator program.

4 (2) The technical advisory group must make recommendations
5 regarding workforce development, contractor needs, and needed
6 training curriculum.

7 (3) The technical advisory group may recommend expanding the size
8 of the projects to buildings above 20,000 square feet, including
9 schools, which would potentially be paired with adding consolidated
10 labor standards.

11 (4) In consultation with the evaluation in section 3(6) of this
12 act, the technical advisory group must make recommendations about how
13 to ensure that projects supported by the navigator program pay
14 workers at least a rate consistent with the prevailing rate of wage
15 pursuant to RCW 39.12.010 and to ensure there is a pathway for small
16 businesses and minority and women-owned contractors to comply with
17 program requirements.

18 (5) Technical advisory group members must be appointed by the
19 department. The department must strive to appoint members
20 representing the geographical diversity of the state. Membership must
21 consist of the following:

22 (a) Seven members representing low-income and overburdened
23 communities to include:

24 (i) Five from community-based organizations that represent
25 communities disproportionately burdened by pollution and
26 environmental hazards;

27 (ii) One from a tribe whose treaty rights are connected to the
28 lands and waterways of Washington; and

29 (iii) One from the low-income weatherization advisory board;

30 (b) Three members representing labor and workforce to include:

31 (i) One from construction labor;

32 (ii) One from the electrician trades; and

33 (iii) One from an organization involved in workforce training;

34 (c) Three members representing industry to include:

35 (i) One from the heating, ventilation, and air conditioning
36 industry;

37 (ii) One from a minority and women's business contractor or a
38 minority and women's business training provider or advocate; and

39 (iii) One from the financial services industry;

40 (d) Two members representing utilities to include:

1 (i) One from an investor-owned utility;
2 (ii) One from a consumer-owned utility; and
3 (e) Three members representing the environment to include:
4 (i) Two with a depth of experience in greenhouse gas emissions
5 reduction and climate resiliency; and
6 (ii) One from the Washington State University extension energy
7 program.
8 (6) By December 1st of every year, the technical advisory group
9 must provide a progress report on the implementation of the statewide
10 building energy upgrade navigator program to the legislature.

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