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**SENATE BILL 5093**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Senators Lias, Lovelett, Carlyle, Cleveland, Das, Hunt, Kuderer, Nguyen, Pedersen, Stanford, and Wilson, C.; by request of Office of the Governor

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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.160, 19.27A.015, 19.27A.020,  
4 19.27A.200, 80.28.074, 80.28.110, 80.28.190, 80.28.005, 43.21F.055,  
5 35.92.430, and 54.16.390; amending 2007 c 349 ss 1 and 3  
6 (uncodified); adding a new section to chapter 19.27A RCW; adding new  
7 sections to chapter 80.28 RCW; adding a new section to chapter 35.92  
8 RCW; adding a new section to chapter 54.16 RCW; adding a new section  
9 to chapter 43.330 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.

20 In order to meet the statewide greenhouse gas emissions limits in  
21 RCW 70A.45.020, the state must require construction of increasingly

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

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

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

35 Utilities have an important role in providing affordable and  
36 reliable heating and other energy services. As the state transitions  
37 to cleaner sources of energy, utilities are an important partner in  
38 helping their customers make smart energy choices, and actively  
39 supporting the replacement of fossil fuel-based space and water  
40 heating equipment with high-efficiency electric equipment.

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

9 Legislative clarity is important for utilities to offer programs  
10 and services, including incentives, in the electrification of homes  
11 and buildings for their customers. It is the intent of the  
12 legislature to achieve parity among all electric utilities so that  
13 each utility, depending on its unique circumstances, can determine  
14 its appropriate role in advancing home and building electrification  
15 for its customers.

16 In order to meet the statewide greenhouse gas limits in the  
17 energy sectors of the economy, more resources must be directed toward  
18 achieving electrification and decarbonization of residential and  
19 commercial heating loads, while continuing to protect customers,  
20 especially low-income customers and vulnerable communities.

21 **Sec. 2.** RCW 19.27A.160 and 2009 c 423 s 5 are each amended to  
22 read as follows:

23 (1) Except as provided in subsection (2) of this section,  
24 residential and nonresidential construction permitted under the  
25 ~~((2031))~~ 2027 state energy code must achieve at least a seventy  
26 percent reduction in annual net energy consumption and eliminate on-  
27 site fossil fuel combustion for space heating and water heating,  
28 using the adopted 2006 Washington state energy code as a baseline.

29 (2) The council shall adopt state energy codes from 2013 through  
30 ~~((2031))~~ 2027 that incrementally move towards achieving the ~~((seventy~~  
31 ~~percent reduction in annual net energy consumption))~~ targets as  
32 specified in subsection (1) of this section. The council shall report  
33 its progress by December 31, ~~((2012))~~ 2023, and every three years  
34 thereafter. ~~((If the council determines that economic, technological,~~  
35 ~~or process factors would significantly impede adoption of or~~  
36 ~~compliance with this subsection, the council may defer the~~  
37 ~~implementation of the proposed energy code update and shall report~~  
38 ~~its findings to the legislature by December 31st of the year prior to~~  
39 ~~the year in which those codes would otherwise be enacted.))~~

1       **Sec. 3.** RCW 19.27A.015 and 1990 c 2 s 2 are each amended to read  
2 as follows:

3       Except as provided in RCW 19.27A.020(~~((+7))~~) (6), the Washington  
4 state energy code for residential buildings shall be the (~~((maximum~~  
5 ~~and))~~) minimum energy code for residential buildings in each city,  
6 town, and county and shall be enforced by each city, town, and county  
7 (~~((no later than July 1, 1991))~~). The Washington state energy code for  
8 nonresidential buildings shall be the minimum energy code for  
9 nonresidential buildings enforced by each city, town, and county.

10       **Sec. 4.** RCW 19.27A.020 and 2018 c 207 s 7 are each amended to  
11 read as follows:

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

15       (2) The council shall follow the legislature's standards set  
16 forth in this section to adopt rules to be known as the Washington  
17 state energy code. The Washington state energy code shall be designed  
18 to:

19       (a) Construct increasingly low-emission energy efficient homes  
20 and buildings (~~((that help))~~) and achieve (~~((the broader goal of~~  
21 ~~building))~~) construction of zero fossil-fuel greenhouse gas emission  
22 homes and buildings by the year (~~((2031))~~) 2030;

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

26       (c) (~~((Allow space heating equipment efficiency to offset or~~  
27 ~~substitute for building envelope thermal performance))~~) Require new  
28 buildings to provide space heating and water heating equipment that  
29 minimizes direct and indirect greenhouse gas emissions.

30       (3) The Washington state energy code shall take into account  
31 regional climatic conditions. One climate zone includes: Adams,  
32 Asotin, Benton, Chelan, Columbia, Douglas, Ferry, Franklin, Garfield,  
33 Grant, Kittitas, Klickitat, Lincoln, Okanogan, Pend Oreille,  
34 Skamania, Spokane, Stevens, Walla Walla, Whitman, and Yakima  
35 counties. The other climate zone includes all other counties not  
36 listed in this subsection (3). The assignment of a county to a  
37 climate zone may not be changed by adoption of a model code or rule.  
38 Nothing in this section prohibits the council from adopting the same  
39 rules or standards for each climate zone.

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

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

7 (6) (a) Except as provided in (b) of this subsection, the  
8 Washington state energy code for residential structures shall preempt  
9 the residential energy code of each city, town, and county in the  
10 state of Washington.

11 (b) The state energy code for residential structures does not  
12 preempt a city, town, or county's energy code for residential  
13 structures (~~((which exceeds))~~) that provides greater reductions in  
14 energy use and greenhouse gas emissions than the requirements of the  
15 state energy code (~~((and which was adopted by the city, town, or~~  
16 ~~county prior to March 1, 1990. Such cities, towns, or counties may~~  
17 ~~not subsequently amend their energy code for residential structures~~  
18 ~~to exceed the requirements adopted prior to March 1, 1990))~~ adopted  
19 by the council.

20 (7) The state building code council shall consult with the  
21 department of enterprise services as provided in RCW 34.05.310 prior  
22 to publication of proposed rules. The director of the department of  
23 enterprise services shall recommend to the state building code  
24 council any changes necessary to conform the proposed rules to the  
25 requirements of this section.

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

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

31 **Sec. 5.** RCW 19.27A.200 and 2019 c 285 s 2 are each amended to  
32 read as follows:

33 The definitions in this section apply throughout RCW 19.27A.210,  
34 19.27A.220, 19.27A.230, and 19.27A.240 unless the context clearly  
35 requires otherwise.

36 (1) "Agricultural structure" means a structure designed and  
37 constructed to house farm implements, hay, grain, poultry, livestock,  
38 or other horticultural products, and that is not a place used by the

1 public or a place of human habitation or employment where  
2 agricultural products are processed, treated, or packaged.

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

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

8 (4) "Building tenant" means a person or entity occupying or  
9 holding possession of a building or premises pursuant to a rental  
10 agreement.

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

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

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

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

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

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

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

27 (10) "Electric utility" means a consumer-owned utility or an  
28 investor-owned utility.

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

34 (12) "Energy" includes: Electricity, including electricity  
35 delivered through the electric grid and electricity generated at the  
36 building premises using solar or wind energy resources; natural gas,  
37 including renewable natural gas, synthetic gas, or fossil gas;  
38 district steam; district hot water; district chilled water; propane;  
39 fuel oil; wood; coal; or other fuels used to meet the energy loads of  
40 a building.

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

7 (14) "Energy use intensity target" means the net energy use  
8 intensity of a covered commercial building that has been established  
9 for the purposes of complying with the standard established under RCW  
10 19.27A.210.

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

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

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

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

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

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

31 (20) "Net energy use" means the sum of metered and bulk fuel  
32 energy entering the building, minus the sum of metered energy leaving  
33 the building.

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

37 (22) "Savings-to-investment ratio" means the ratio of the total  
38 present value savings to the total present value costs of a bundle of  
39 an energy or water conservation measure estimated over the projected  
40 useful life of each measure. The numerator of the ratio is the

1 present value of net savings in energy or water and nonfuel or  
2 nonwater operation and maintenance costs attributable to the proposed  
3 energy or water conservation measure. The denominator of the ratio is  
4 the present value of the net increase in investment and replacement  
5 costs less salvage value attributable to the proposed energy or water  
6 conservation measure.

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

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

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

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

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

22 NEW SECTION. **Sec. 6.** A new section is added to chapter 19.27A  
23 RCW to read as follows:

24 (1) (a) By November 1, 2021, the department must adopt by rule a  
25 state energy management and benchmarking requirement for tier 2  
26 covered commercial buildings and tier 3 covered commercial buildings.

27 (b) In establishing the requirements under (a) of this  
28 subsection, the department must adopt requirements for building owner  
29 implementation based on sections 5, 6, and 7 of ANSI/ASHRAE/IES  
30 standard 100-2018, including reporting and administrative procedures.

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

37 (2) By July 1, 2023, the department must provide the owners of  
38 tier 2 covered commercial buildings with notification of  
39 requirements.



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

4 (4) The owner of a tier 2 or tier 3 covered commercial building  
5 must report the building owner's compliance with the requirements to  
6 the department in accordance with the schedule established under  
7 subsection (5) of this section and every five years thereafter. For  
8 each reporting date, the building owner must submit documentation to  
9 demonstrate that they have developed and implemented the procedures  
10 of sections 5, 6, and 7 of ANSI/ASHRAE/IES standard 100-2018 as  
11 modified by the department by rule.

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

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

27 **Sec. 7.** RCW 80.28.074 and 1988 c 166 s 1 are each amended to  
28 read as follows:

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

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

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

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

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

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

3        **Sec. 8.** RCW 80.28.110 and 2011 c 214 s 20 are each amended to  
4 read as follows:

5        Every (~~gas company,~~) electrical company, wastewater company, or  
6 water company, engaged in the sale and distribution of (~~gas,~~)  
7 electricity or water or the provision of wastewater company services,  
8 shall, upon reasonable notice, furnish to all persons and  
9 corporations who may apply therefor and be reasonably entitled  
10 thereto, suitable facilities for furnishing and furnish all available  
11 (~~gas,~~) electricity, wastewater company services, and water as  
12 demanded, except that a water company may not furnish water contrary  
13 to the provisions of water system plans approved under chapter 43.20  
14 or (~~70.116~~) 70A.100 RCW and wastewater companies may not provide  
15 services contrary to the approved general sewer plan.

16        **Sec. 9.** RCW 80.28.190 and 2003 c 53 s 383 are each amended to  
17 read as follows:

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

1 as, in its judgment, the public convenience and necessity may  
2 require.

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

6 (3) The commission may, at any time, by its order duly entered  
7 after a hearing had upon notice to the holder of any certificate  
8 hereunder, and an opportunity to such holder to be heard, at which it  
9 shall be proven that such holder willfully violates or refuses to  
10 observe any of its proper orders, rules or regulations, suspend,  
11 revoke, alter or amend any certificate issued under the provisions of  
12 this section, but the holder of such certificate shall have all the  
13 rights of rehearing, review and appeal as to such order of the  
14 commission as is provided herein.

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

25 ((+4)) (5) Every officer, agent, or employee of any corporation,  
26 and every other person who violates or fails to comply with, or who  
27 procures, aids or abets in the violation of any of the provisions of  
28 this section or who fails to obey, observe or comply with any order,  
29 decision, rule or regulation, directive, demand or requirements, or  
30 any provision of this section, is guilty of a gross misdemeanor.

31 ((+5)) (6) Neither this section, RCW 80.28.200, (~~80.28.210,~~)  
32 nor any provisions thereof shall apply or be construed to apply to  
33 commerce with foreign nations or commerce among the several states of  
34 this union except insofar as the same may be permitted under the  
35 provisions of the Constitution of the United States and acts of  
36 congress.

37 ((+6)) (7) The commission shall collect the following  
38 miscellaneous fees from gas companies: Application for a certificate  
39 of public convenience and necessity or to amend a certificate,  
40 twenty-five dollars; application to sell, lease, mortgage or transfer

1 a certificate of public convenience and necessity or any interest  
2 therein, ten dollars.

3 **Sec. 10.** RCW 80.28.005 and 1994 c 268 s 1 are each amended to  
4 read as follows:

5 (~~Unless the context clearly requires otherwise, the~~) The  
6 definitions in this section apply throughout this chapter unless the  
7 context clearly requires otherwise.

8 (1) "Bondable conservation investment" means all expenditures  
9 made by electrical, gas, or water companies with respect to energy or  
10 water conservation measures and services intended to improve the  
11 efficiency of electricity, gas, or water end use, including related  
12 carrying costs if:

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

16 (b) The commission has determined that the expenditures were  
17 incurred in conformance with the terms and conditions of a  
18 conservation service tariff in effect with the commission at the time  
19 the costs were incurred, and at the time of such determination the  
20 commission finds that the company has proven that the costs were  
21 prudent, that the terms and conditions of the financing are  
22 reasonable, and that financing under this chapter is more favorable  
23 to the customer than other reasonably available alternatives;

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

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

30 (2) "Conservation bonds" means bonds, notes, certificates of  
31 beneficial interests in trusts, or other evidences of indebtedness or  
32 ownership that:

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

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

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

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

3 (b) To receive through rates revenues sufficient to recover the  
4 bondable conservation investment and the costs of equity and debt  
5 capital associated with it, including, without limitation, the  
6 payment of principal, premium, if any, and interest on conservation  
7 bonds.

8 (4) "Finance subsidiary" means any corporation, company,  
9 association, joint stock association, or trust that is beneficially  
10 owned, directly or indirectly, by an electrical, gas, or water  
11 company, or in the case of a trust issuing conservation bonds  
12 consisting of beneficial interests, for which an electrical, gas, or  
13 water company or a subsidiary thereof is the grantor, or an  
14 unaffiliated entity formed for the purpose of financing or  
15 refinancing approved conservation investment, and that acquires  
16 conservation investment assets directly or indirectly from such  
17 company in a transaction approved by the commission.

18 (5) "Lowest reasonable cost" means the lowest cost mix of  
19 resources determined through a detailed and consistent analysis of a  
20 wide range of commercially available sources. At a minimum, this  
21 analysis must consider resource costs, market-volatility risks,  
22 demand-side resource uncertainties, the risks imposed on ratepayers,  
23 resource effect on system operations, public policies regarding  
24 resource preference adopted by Washington state or the federal  
25 government, the cost of risks associated with environmental effects,  
26 including the social cost of greenhouse gas emissions as determined  
27 by the commission pursuant to RCW 80.28.395, and the need for  
28 security of energy supply.

29 (6) "Low-income" means a household income as defined by the  
30 commission, provided that the definition may not exceed the higher of  
31 80 percent of area median household income or 200 percent of the  
32 federal poverty level, adjusted for household size.

33 (7) "Overburdened community" has the same meaning as "highly  
34 impacted community" as that term is defined in RCW 19.405.020.

35 (8) "Transition implementation plan" means a comprehensive plan  
36 developed by a gas company and submitted to the commission that  
37 evaluates strategies to achieve a reduction in greenhouse gas  
38 emissions from the combustion of natural gas, identifies specific  
39 actions to meet an emissions reduction target at the lowest  
40 reasonable cost for customers, evaluates cost and life-cycle

1 emissions associated with alternative pipeline fuels and electric  
2 alternatives, and is consistent with the requirements specified in  
3 RCW 19.27A.020.

4 NEW SECTION. **Sec. 11.** A new section is added to chapter 80.28  
5 RCW to read as follows:

6 (1)(a) A statewide clean heat standard is established for the  
7 purpose of limiting the expansion of the natural gas system for  
8 residential and commercial space and water heating, and advancing the  
9 use of high-efficiency electric equipment, production and  
10 distribution of clean fuels, and the safe and equitable transition of  
11 the natural gas system.

12 (b) Utilities must ensure an equitable transition of the gas  
13 system by:

14 (i) Ensuring that the transition does not disproportionately  
15 impact low-income households or overburdened communities;

16 (ii) Ensuring the equitable distribution of energy and nonenergy  
17 benefits, including the reduction of burdens and improvement of  
18 indoor air quality, of utility programs and infrastructure to  
19 overburdened communities and vulnerable populations. An equitable  
20 distribution must be informed by the evaluations in section 14(2) (l)  
21 and (m) of this act;

22 (iii) Including provisions for equity and opportunity  
23 improvement, including: (A) Employer paid sick leave programs; (B)  
24 pay practices in relation to living wage indicators such as the  
25 federal poverty level; (C) efforts to evaluate pay equity based on  
26 gender identity, race, and other protected status under Washington  
27 law; (D) facilitating career development opportunities such as  
28 apprenticeship programs, internships, job shadowing, and on-the-job  
29 training; and (E) employment assistance and employment barriers for  
30 justice affected individuals; and

31 (iv) Providing for the just transition of affected workers  
32 through layoff avoidance strategies.

33 (2) Beginning July 1, 2021, gas company tariff provisions for  
34 line extensions for residential and commercial gas service must  
35 recover the full cost of the extension from the new customer  
36 requesting service.

37 (3) By January 1, 2022, and every four years thereafter, each gas  
38 company must develop and submit to the commission a transition  
39 implementation plan to achieve a reduction in greenhouse gas

1 emissions, consistent with its proportional obligation under RCW  
2 70A.45.020, resulting from combustion of natural gas sold or  
3 delivered by the company.

4 (4) A transition implementation plan must evaluate and compare  
5 multiple strategies to identify the lowest reasonable cost  
6 combination of strategies to achieve the reductions. To meet their  
7 required emissions reduction target under subsection (3) of this  
8 section, each gas company must include evaluation of the following  
9 emissions reduction strategies:

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

14 (b) Conversion of existing customers to high-efficiency electric  
15 equipment through demographically targeted programs to support an  
16 equitable transition;

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

19 (d) Reduction of the carbon content of delivered gas by  
20 incorporating renewable natural gas, hydrogen, or other low-carbon  
21 fuels; and

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

23 (5) A transition implementation plan must:

24 (a) Identify specific actions to achieve the gas company's share  
25 of the statewide obligation in RCW 70A.45.020 and must include an  
26 estimate of the costs and benefits resulting from the transition,  
27 including the costs and benefits that will accrue to vulnerable  
28 populations and overburdened communities. The cost-benefit analysis  
29 must incorporate the avoided social cost of greenhouse gas emissions  
30 resulting from the use of natural gas as determined by the commission  
31 pursuant to RCW 80.28.395;

32 (b) Consider recommendations from the latest state energy  
33 strategy created under RCW 43.21F.090;

34 (c) Identify changes to depreciation schedules or rate design to  
35 be consistent with specific actions in the transition implementation  
36 plan.

37 (6) A transition implementation plan may include projects  
38 authorized under RCW 80.28.420 that are anticipated to reduce  
39 greenhouse gas emissions from pipelines through the reduction of  
40 nonhazardous leaks.

1 (7) Prior to adopting a transition implementation plan, the  
2 natural gas company must request the input of any electric utility  
3 serving customers in the natural gas company's service area on the  
4 development of the plan.

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

7 (1) The commission, after a hearing, must by order approve,  
8 reject, or approve with conditions a gas company's transition  
9 implementation plan. The commission may periodically adjust or  
10 expedite timelines if it can be demonstrated that the emission  
11 reduction targets under section 11(3) of this act or timelines can be  
12 achieved in a manner consistent with the following:

13 (a) Maintaining and protecting the safety and reliable operation  
14 of the natural gas system; and

15 (b) Planning to meet the emission reduction targets under section  
16 11(3) of this act at the lowest reasonable cost.

17 (2) The commission, in coordination with the department of  
18 commerce, must ensure that the transition from fossil natural gas  
19 does not disproportionately impact low-income households.

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

22 (1) By January 1, 2023, the commission must establish a uniform  
23 climate protection surcharge at an amount not to exceed the social  
24 cost of greenhouse gas emissions established in RCW 80.28.395.

25 (2) Each gas company must implement by tariff the climate  
26 protection surcharge applied on a per-therm basis to natural gas  
27 delivered to its customers. Sales of renewable natural gas, zero-  
28 emission synthetic gas, and renewable hydrogen are exempt from the  
29 climate protection surcharge. The funds collected from the climate  
30 protection surcharge must be used by each gas company for the  
31 following purposes, as approved by the commission:

32 (a) Implementing programs approved in its transition  
33 implementation plan, as designated in section 11(3) of this act;

34 (b) Providing weatherization services, bill credits, or rate  
35 assistance to low-income customers, including assistance to offset  
36 the impacts of the uniform climate protection surcharge on low-income  
37 customers;



1 (c) Programs to avoid worker dislocation, including ensuring the  
2 use of qualified workers in implementing the transition  
3 implementation plan, and training programs for workers in the fossil  
4 natural gas industry to support skill development;

5 (d) Developing and distributing lower-carbon fuels including, but  
6 not limited to, renewable natural gas distributed under a tariff  
7 approved under RCW 80.28.385; and

8 (e) Ensuring that the transition implementation plan does not  
9 disproportionately impact vulnerable populations or overburdened  
10 communities.

11 (3) Projects or activities funded from the climate protection  
12 surcharge must meet high labor standards, including family sustaining  
13 wages, providing benefits including health care and pensions, career  
14 development opportunities, and maximize access to economic benefits  
15 from such projects for local workers and diverse businesses.

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

18 (1) Each natural gas utility regulated by the commission has the  
19 responsibility to meet system demand with the least cost mix of  
20 energy supply, including: Natural gas; renewable fuels;  
21 electrification; and conservation. In furtherance of that  
22 responsibility, each natural gas utility must develop an integrated  
23 resource plan.

24 (2) At a minimum, integrated resource plans must include:

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

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

33 (c) An assessment of conventional and commercially available  
34 nonconventional gas supplies;

35 (d) An assessment of the impact of the electrification of the  
36 building sector;

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

1 (f) An assessment of pipeline transmission capability and  
2 reliability;

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

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

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

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

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

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

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

28 (l) An evaluation of disparities in current conditions for  
29 overburdened communities and vulnerable populations based on the  
30 assessment required by (k)(i) of this subsection; and

31 (m) An evaluation of disparities in utility programs and  
32 infrastructure for overburdened communities and vulnerable  
33 populations based on the assessment required by (k)(ii) of this  
34 subsection.

35 (3) Beginning September 1, 2021, each natural gas utility must  
36 submit a plan within two years after the date on which the previous  
37 plan was filed with the commission. Not later than twelve months  
38 prior to the due date of a plan, the utility must provide a work plan  
39 for informal commission review. The work plan must outline the

1 content of the integrated resource plan to be developed by the  
2 utility and the method for assessing potential resources.

3 (4) The work plan must outline the timing and extent of public  
4 participation. In addition, the commission must hear comment on the  
5 plan at a public hearing scheduled after the utility submits its plan  
6 for commission review.

7 (5) The commission must consider the information reported in the  
8 integrated resource plan when the commission evaluates the  
9 performance of the utility in rate and other proceedings.

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

12 ~~((The department shall not intervene in any regulatory proceeding  
13 before the Washington utilities and transportation commission or  
14 proceedings of utilities not regulated by the commission.))~~ Nothing  
15 in this chapter abrogates or diminishes the functions, powers, or  
16 duties of the energy facility site evaluation council pursuant to  
17 chapter 80.50 RCW, the utilities and transportation commission  
18 pursuant to Title 80 RCW, or other state or local agencies  
19 established by law.

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

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

24 (1) The governing authority of an electric utility formed under  
25 this chapter may adopt a beneficial electrification plan that  
26 establishes a finding that utility outreach and investment in the  
27 electrification of homes and buildings will provide net benefits to  
28 the utility. Prior to adopting a beneficial electrification plan, the  
29 governing authority must request the input of any natural gas company  
30 serving customers in the electric utility's service area on the  
31 development of the plan.

32 (2) A beneficial electrification plan adopted under subsection  
33 (1) of this section must identify options and program schedules for  
34 the electrification of various energy end-uses or other energy  
35 sources.

36 (3) In adopting a beneficial electrification plan under  
37 subsection (1) of this section, the governing authority of an  
38 electric utility formed under this chapter must determine that the

1 sum of the benefits of an electrification option equals or exceeds  
2 the sum of its costs. As part of this determination, the governing  
3 authority may differentiate the level of benefits and costs accrued  
4 to highly impacted communities and vulnerable populations in the  
5 electric utility's service area, as those terms are defined in RCW  
6 19.405.020.

7 (a) The benefits of beneficial electrification considered by a  
8 governing authority must include, but are not limited to, system  
9 impacts, as well as the following:

10 (i) Utility revenue from increased retail load from beneficial  
11 electrification;

12 (ii) Distribution system efficiencies resulting from demand  
13 response or other load management opportunities, including direct  
14 control and dynamic pricing, associated with the increased retail  
15 load;

16 (iii) System reliability improvements;

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

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

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

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

28 (i) The electricity, which must be demonstrated to have, during  
29 the life cycle of the electric appliance, a lower greenhouse gas  
30 emissions profile than direct-use natural gas, or any other resources  
31 used to serve or offset the increased retail load from beneficial  
32 electrification;

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

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

39 (4) An electric utility formed under this chapter may, upon  
40 making a determination in accordance with subsection (1) of this

1 section, offer incentives and other programs to accelerate the  
2 beneficial electrification of homes and buildings for its customers,  
3 including the promotion of electrically powered equipment,  
4 advertising beneficial electrification programs and projects,  
5 educational programs, and customer incentives or rebates. An electric  
6 utility offering such incentives and other programs must, when  
7 practical, prioritize service to highly impacted communities in the  
8 electric utility's service area, as that term is defined in RCW  
9 19.405.020.

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

14 (6) Nothing in this section limits the existing authority of an  
15 electric utility formed under this chapter to offer incentives and  
16 other programs to accelerate the electrification of homes and  
17 buildings for its customers if such electrification is in the direct  
18 economic interest of the electric utility.

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

21 (1) The commission of a public utility district may adopt a  
22 beneficial electrification plan that establishes a finding that  
23 outreach and investment in the electrification of homes and buildings  
24 will provide net benefits to the utility. Prior to adopting a  
25 beneficial electrification plan, the commission of a public utility  
26 district must request the input of any natural gas company serving  
27 customers in the public utility district's service area on the  
28 development of the plan.

29 (2) A beneficial electrification plan adopted under subsection  
30 (1) of this section must identify options and program schedules for  
31 the electrification of various energy end-uses or other energy  
32 sources.

33 (3) In adopting a beneficial electrification plan under  
34 subsection (1) of this section, the commission of a public utility  
35 district must determine that the sum of the benefits of an  
36 electrification option equals or exceeds the sum of its costs. As  
37 part of this determination, the commission may differentiate the  
38 level of benefits and costs accrued to highly impacted communities

1 and vulnerable populations in the public utility district's service  
2 area, as those terms are defined in RCW 19.405.020.

3 (a) The benefits of beneficial electrification considered by a  
4 commission must include, but are not limited to, system impacts, as  
5 well as the following:

6 (i) Utility revenue from increased retail load from beneficial  
7 electrification;

8 (ii) Distribution system efficiencies resulting from demand  
9 response or other load management opportunities, including direct  
10 control and dynamic pricing, associated with the increased retail  
11 load;

12 (iii) System reliability improvements;

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

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

21 (vi) Other benefits identified by the commission of the public  
22 utility district.

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

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

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

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

36 (4) A public utility district may, upon making a determination in  
37 accordance with subsection (1) of this section, offer incentives and  
38 other programs to accelerate the beneficial electrification of homes  
39 and buildings for its customers, including the promotion of  
40 electrically powered equipment, advertising beneficial

1 electrification programs and projects, educational programs, and  
2 customer incentives or rebates. A public utility district offering  
3 such incentives and other programs must, when practical, prioritize  
4 service to highly impacted communities in the public utility  
5 district's service area, as that term is defined in RCW 19.405.020.

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

10 (6) Nothing in this section limits the existing authority of the  
11 commission of a public utility district to offer incentives and other  
12 programs to accelerate the electrification of homes and buildings for  
13 its customers if, over the life of the electrification incentive or  
14 program, such electrification is in the direct economic interest of  
15 the public utility district.

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

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

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

29 (1) A city or town authorized to acquire and operate utilities  
30 for the purpose of furnishing the city or town and its inhabitants  
31 and other persons with water, with electricity for lighting and other  
32 purposes, or with service from sewerage, stormwater, surface water,  
33 or solid waste handling facilities, may develop and make publicly  
34 available a plan to reduce its greenhouse (~~gases~~) gas emissions or  
35 achieve no-net emissions from all sources of greenhouse gases that  
36 the utility owns, leases, uses, contracts for, or otherwise controls.

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

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

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

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

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



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

18 NEW SECTION. Sec. 22. A new section is added to chapter 43.330  
19 RCW to read as follows:

20 (1) A heat pump and electrification program is established within  
21 the department. The purpose of the program is to support job creation  
22 and workforce development through the transition of residential and  
23 commercial buildings away from fossil fuels by providing incentives,  
24 education, and outreach resources for the installation of high-  
25 efficiency electric heat pumps and other electric equipment.

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

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

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

34 (c) Develop strategies to ensure that the program serves low-  
35 income households, vulnerable populations, and overburdened  
36 communities, including dedicating a portion of the program funding  
37 for this purpose. For the purposes of this subsection (2)(c),  
38 "overburdened communities" has the same meaning as defined in RCW  
39 80.28.005;

1 (d) In coordination with the state board for community and  
2 technical colleges, support the development of a workforce training  
3 and certification program for the installation of high-efficiency  
4 electric heat pump equipment; and

5 (e) Develop and implement an incentive program for residential  
6 and commercial building owners that convert from a fossil fuel space  
7 or water heating system to a high-efficiency electric heat pump. The  
8 incentives must be limited to projects installed by certified  
9 installers. In developing the incentive, the department may consider  
10 higher payments for those with low or moderate incomes, residents or  
11 owners of rental properties, and other populations who may be  
12 overburdened. Projects or activities funded from the incentive must  
13 meet high labor standards, including family sustaining wages,  
14 providing benefits including health care and pensions, career  
15 development opportunities, and maximize access to economic benefits  
16 from such projects for local workers and diverse businesses. Each  
17 contracting entity's proposal must be reviewed for equity and  
18 opportunity improvement efforts, including: (i) Employer paid sick  
19 leave programs; (ii) pay practices in relation to living wage  
20 indicators such as the federal poverty level; (iii) efforts to  
21 evaluate pay equity based on gender identity, race, and other  
22 protected status under Washington law; (iv) facilitating career  
23 development opportunities such as apprenticeship programs,  
24 internships, job shadowing, and on-the-job training; and (v)  
25 employment assistance and employment barriers for justice affected  
26 individuals.

27 (3) The department is authorized to contract with a nonprofit  
28 trade association, regional market transformation organization, or  
29 community organization to implement the program.

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

32 NEW SECTION. **Sec. 24.** If any provision of this act or its  
33 application to any person or circumstance is held invalid, the  
34 remainder of the act or the application of the provision to other  
35 persons or circumstances is not affected.

--- END ---