

2SHB 1391 - S COMM AMD

By Committee on Environment, Energy & Technology

NOT CONSIDERED 03/07/2024

1 Strike everything after the enacting clause and insert the
2 following:

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

16 The legislature also recognizes the 2021 state energy strategy's
17 electrification scenario findings that the amount of fossil natural
18 gas delivered to buildings must be reduced by 90 percent from 2020 to
19 2050 to meet the state's emissions limits. The electrification
20 scenario indicates substantial near-term and long-term benefits from
21 energy reduction measures in buildings. This points to the value of
22 early and aggressive action to improve energy efficiency, including
23 electrification and other efficiency measures in buildings.
24 Implementing multiple measures simultaneously in each building and
25 achieving a high level of market penetration will achieve economies
26 of scale and help lower costs of energy upgrades.

27 Furthermore, in order to put the state on a pathway to meeting
28 the emissions limits as outlined in RCW 70A.45.020, the strategy
29 recommends widespread conversion of fossil fuel end uses to
30 electricity, to deploy more demand responsive and energy efficiency
31 technologies, and to increase the supply of electricity from
32 renewable energy.

1 The 2022 report to the legislature on state weatherization plus
2 health programs recommends the state provide funding to expand the
3 suite of weatherization and community energy efficiency program
4 services statewide, prioritizing multifamily housing, fossil fuel-
5 heated housing, and high energy burden communities.

6 It is the intent of the legislature that financial and technical
7 assistance programs be expanded to direct local, state, and federal
8 funds as well as electric and natural gas utility funding towards
9 greater achievement of energy efficiency improvements. To this end,
10 the legislature establishes a policy goal of providing cost-effective
11 electrification and energy efficiency services to the state's
12 residential and commercial buildings over the next 10 years. The
13 legislature also intends to attain this goal in part through
14 supporting programs for state registered apprenticeship programs and
15 other clean energy career pathway programs to ensure maximum living
16 wage job creation in fields related to building energy retrofits.

17 By leveraging state resources available through the climate
18 commitment act, the legislature intends to rapidly leverage the
19 various funding streams created in the federal inflation reduction
20 act and the federal infrastructure investment and jobs act and ensure
21 that our state has projects ready and optimizes all available federal
22 resources. Washington's approach to this work will ensure that low-
23 income and moderate-income households, vulnerable populations, and
24 overburdened communities in Washington can fully benefit from federal
25 investment.

26 NEW SECTION. **Sec. 2.** The definitions in this section apply
27 throughout this chapter unless the context clearly requires
28 otherwise.

29 (1) "Administrator" means an organization, selected by the
30 department including, but not limited to, a nonprofit corporation or
31 community-based organization. An administrator may not be an energy
32 utility.

33 (2) "Department" means the department of commerce.

34 (3) "Low-income" means household income as defined by the
35 department, provided that the definition may not exceed 80 percent of
36 median household income adjusted for household size, for the county
37 in which the dwelling unit is located.

38 (4) "Moderate-income" has the same definition as "moderate-income
39 household" as defined in RCW 84.14.010.

1 (5) (a) "Overburdened community" means a geographic area where a
2 vulnerable population faces combined, multiple environmental harms
3 and health impacts or risks due to exposure to environmental
4 pollutants or contaminants through multiple pathways, which may
5 result in significant disparate adverse health outcomes or effects.

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

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

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

10 (iii) Populations, including Native Americans or immigrant
11 populations, who may be exposed to environmental contaminants and
12 pollutants outside of the geographic area in which they reside based
13 on the populations' use of traditional or cultural foods and
14 practices, such as the use of resources, access to which is protected
15 under treaty rights in ceded areas, when those exposures in
16 conjunction with other exposures may result in disproportionately
17 greater risks, including risks of certain cancers or other adverse
18 health effects and outcomes.

19 (c) An overburdened community identified by the department may
20 include the same communities as those identified by the department
21 through its process for identifying overburdened communities under
22 RCW 70A.02.010.

23 (6) "Vulnerable populations" has the same meaning as in RCW
24 19.405.020.

25 NEW SECTION. **Sec. 3.** (1) (a) The department is authorized to
26 establish and oversee a statewide building energy upgrade navigator
27 program. The purpose of the navigator program is to propel Washington
28 toward its emissions and energy goals while improving the health,
29 well-being, and economic livelihood of building residents, promoting
30 economic development and job growth in the building sector, and
31 maximizing the collective impact of various efficiency and
32 electrification programs across the state. The navigator program
33 will: Support the coordination and integration of efficiency and
34 electrification programs and incentives administered by local, state,
35 federal, and utility entities; implement education and outreach to
36 building owners and renters; and provide other services to help
37 residents access electrification and energy efficiency measures,
38 prioritizing serving low-income, overburdened, and other underserved
39 communities identified by the department.

1 (b) The department must consult with the Washington State
2 University extension energy program on the design, administration,
3 and implementation of the navigator program.

4 (c) The department may consult with other programs, entities, and
5 stakeholders, including energy utilities and city and county
6 governments, representatives of low-income and moderate-income
7 households, vulnerable populations, and overburdened communities, as
8 the department determines to be appropriate on the design,
9 administration, and implementation of the navigator program.

10 (2) (a) The department must contract with an administrator or
11 administrators to implement the navigator program on behalf of the
12 state. The administrator or administrators must be selected through a
13 competitive process, and contracts may not exceed five years in
14 duration. In the selection process, the department must give
15 consideration to entities that have relevant experience and
16 expertise, and which have established market share or brand
17 recognition in Washington, including entities that propose partnering
18 with two or more organizations to provide complementary expertise and
19 value. The administrator contracts may be funded with any eligible
20 funds for such a purpose, including state and federal dollars.

21 (b) The department must ensure the requirements of the navigator
22 program are being met through the contract terms with the
23 administrator or administrators. The department must include
24 performance metrics in any administrator's contract that are
25 sufficient to allow the department, the legislature, and the
26 technical advisory group established in section 6 of this act to
27 evaluate the following: Energy savings; greenhouse gas emissions
28 reductions; consumer cost savings; wage and employment impacts,
29 including opportunities for minority and women-owned businesses;
30 services delivered to low-income and moderate-income households,
31 vulnerable populations, and overburdened communities; nonenergy
32 benefits; and customer satisfaction resulting from the
33 administrator's operation of the navigator program.

34 (c) The department must enter into a contract with an
35 administrator or administrators by January 1, 2025. The legislature
36 intends for the administrator or administrators to begin providing as
37 many of the services outlined in this chapter as possible immediately
38 and recognizes that it may take more time for some services to be
39 provided than others. Therefore, the administrator or administrators
40 must first focus on providing clear education and community outreach

1 to customers on navigating through relevant funding opportunities and
2 leverage existing programs.

3 NEW SECTION. **Sec. 4.** (1) To the fullest reasonable extent, the
4 navigator program must be aligned with and support coordination among
5 utility, local, city, county, state, private, and federal programs
6 and funding including, but not limited to, the federal inflation
7 reduction act and the federal infrastructure investment and jobs act.
8 To the extent consistent with such alignment, the administrator or
9 administrators of the navigator program must:

10 (a) Provide direct outreach and deliver energy services to: (i)
11 Residential building owners and occupants, including multifamily
12 residential building owners and occupants; and (ii) owners of
13 commercial buildings under 20,000 square feet;

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

15 (c) Support energy efficient and emissions reductions
16 alternatives for buildings that use all types of fuel;

17 (d) Ensure that the navigator program dedicates a minimum of 40
18 percent of outreach expenditures to low-income households, vulnerable
19 populations, and overburdened communities identified by the
20 department, including tribal communities;

21 (e) Consider the energy decarbonization pathways examination of
22 the natural gas decarbonization study conducted by the utilities and
23 transportation commission as required by chapter 334, Laws of 2021;

24 (f) Develop a streamlined application process that prioritizes
25 low-income and moderate-income households, vulnerable populations,
26 and overburdened communities, and that includes elements such as, but
27 not limited to, categorical eligibility, geographic eligibility, and
28 a single application form;

29 (g) Support the integrated implementation of all relevant utility
30 energy efficiency and electrification programs, any city or county
31 efficiency or electrification programs, and all relevant clean
32 buildings programs funded in any state budget including, but not
33 limited to, the following programs:

34 (i) As described in the 2023-2024 omnibus capital appropriations
35 act: High efficiency electric home rebate program; home efficiency
36 rebate program; weatherization plus health program; rural
37 rehabilitation grant program; community energy efficiency program;
38 energy retrofits and solar power for public buildings; energy

1 efficiency revolving loan fund capitalization program; and state
2 project improvement grants;

3 (ii) Energy efficiency and conservation block grants;

4 (iii) Early adoption incentive payments for the state energy
5 performance standard as described in chapter 19.27A RCW; and

6 (iv) A green bank funded through the federal greenhouse gas
7 reduction fund established in section 60103 of the federal inflation
8 reduction act, or other sources; and

9 (h) Develop a contractor network to assist with finding and
10 accessing qualified energy contractors for customers and coordinate
11 with existing energy utility contractor network programs. The
12 contractor network must consist of contractors that, at a minimum,
13 have met or are committed to meeting any training requirements or
14 other qualifying provisions required by the administrator or
15 administrators or recommended by the technical advisory group
16 established in section 6 of this act. Contractors in the contractor
17 network must pledge that they will not recommend or install fossil
18 fuel appliances to a customer through the navigator program. The
19 administrator or administrators must conduct targeted outreach, and
20 coordinate with the office of minority and women's business
21 enterprises as created in RCW 39.19.030, to ensure the contractor
22 network consists of a diversity of contractors across the state. The
23 contractor network shall strive to reflect the diversity of the
24 communities it serves. The department shall implement targeted
25 outreach efforts focusing on minority and women's business
26 enterprises and small rural businesses to enhance their participation
27 in the energy efficiency and electrification services contractor
28 network. Dedicated support groups must be established to provide
29 training, coaching, and peer learning opportunities to support
30 minority and women's business enterprises and small rural businesses
31 in service delivery.

32 (2) Outreach conducted by the administrator or administrators of
33 the navigator program may include the use of door-to-door contact,
34 community events, online advertising, vendor promotions, or other
35 methods of direct interaction with customers to inform them of energy
36 efficiency and weatherization opportunities in coordination with the
37 department, local utilities, and community-based organizations. The
38 administrator or administrators must provide outreach in culturally
39 appropriate and accessible ways, such as in multiple languages and in

1 formats accessible to those with disabilities. To provide outreach,
2 the administrator or administrators must:

3 (a) Create and maintain updated and educational marketing
4 materials, which must include advice about all relevant funds and
5 financial assistance available from federal, state, local, and energy
6 utility programs including, but not limited to, incentives, tax
7 credits, grants, loan programs, or other support;

8 (b) Provide currently scientific and industry accepted strategies
9 for energy and electrification upgrades through information programs,
10 planning tools, and direct technical support where possible; and

11 (c) Facilitate ongoing communication and collaboration with other
12 programs and entities conducting outreach related to clean energy and
13 efficiency in Washington, including the department, energy utilities,
14 and community-based organizations, in order to minimize duplicative
15 efforts and ensure coordinated messaging that provides customers with
16 a consistent and comprehensive understanding of programs available in
17 urban, rural, tribal, remote, overburdened, underserved, low-income,
18 and hard-to-reach communities.

19 (3) The administrator or administrators of the navigator program
20 must perform energy assessments and energy audits or assist with
21 accessing energy assessments and energy audits, or both.

22 (a) An energy assessment may be conducted in person or remotely
23 and should identify the most obvious opportunities for energy cost
24 savings and energy efficiency services or electrification services or
25 suggest whether a more complete energy audit is warranted.

26 (b) An energy audit must provide recommendations to customers on
27 a wide range of cost-effective energy and health improvements,
28 including identification and coordination of all applicable local,
29 utility, state, and federal incentive programs that could reduce
30 project costs for customers. Energy audits must include an assessment
31 of building energy efficiency and fossil fuel reduction
32 opportunities, from measures that require very little investment and
33 without any disruption to building operation, normally involving
34 general building operational measures, to low or relatively higher
35 cost investments, such as installing timers to turn off equipment,
36 replacing light bulbs, installing insulation, replacing equipment and
37 appliances with higher efficiency equipment and appliances or
38 appliances and equipment that do not use fossil fuels, and similar
39 measures. Health and safety measures that need to be addressed before
40 proceeding with energy efficiency or fossil fuel reduction

1 opportunities must be provided and referrals documented to gain
2 understanding of these barriers. Energy audits must include utility
3 bill analysis for multifamily rental buildings to understand the
4 potential cost impacts for tenants. Energy audits must include an
5 assessment of alternatives for the generation of heat and power from
6 renewable energy resources including, but not limited to,
7 installation of solar water heating and equipment for photovoltaic
8 electricity generation and storage.

9 (4) The administrator or administrators of the navigator program
10 must provide recommendations for energy services, and may provide
11 energy services directly, to include:

12 (a) Energy efficiency services, which include energy efficiency
13 retrofits, energy management systems as defined in RCW 39.35.030,
14 smart metering, other activities to either reduce a customer's energy
15 consumption or energy costs, or both, and other postenergy audit
16 assistance and education to help customers meet their energy related
17 goals;

18 (b) Weatherization, which includes activities that achieve one or
19 more of the following:

20 (i) Energy and resource conservation;

21 (ii) Energy efficiency improvements;

22 (iii) Repairs, indoor air quality improvements, and health and
23 safety improvements; and

24 (iv) Client education. Weatherization includes air sealing,
25 adding insulation, and making other changes that reduce heat loss,
26 save money on heating bills, and improve the health and safety of
27 buildings;

28 (c) Electrification services, which include evaluations of on-
29 site renewable energy, installations of heat pumps, heat pump water
30 heaters and efficient electric appliances, battery storage, electric
31 panel upgrades and wiring, and electric vehicle charging;

32 (d) Assistance with finding and accessing qualified energy
33 contractors to implement energy audit and energy assessment
34 recommendations, and other assistance and education to help customers
35 meet their energy-related goals;

36 (e) Recommendations for programs customers may be eligible for
37 based on income, in coordination with agencies delivering income
38 qualified services, including the department's weatherization plus
39 health program;

1 (f) Assistance with paperwork and program qualification for
2 utility, federal, state, and other rebates, grants, and tax credits;
3 and

4 (g) Assistance with securing financing, including financing with
5 beneficial terms offered through a green bank, C-PACER, or other
6 publicly supported energy upgrade financing.

7 (5) The administrator or administrators must develop and populate
8 a data system and tracking portal, subject to the conditions,
9 limitations, and review provided in section 701 (2) through (12),
10 chapter 475, Laws of 2023. The department must have access to and own
11 the data. The administrator or administrators must identify and
12 track:

13 (a) The geographic location of services provided;

14 (b) Customer interactions;

15 (c) Performance metrics for work completed;

16 (d) Outreach and service delivery to low-income households,
17 vulnerable populations, and overburdened communities; and

18 (e) Other information as required by the department to meet the
19 requirements of this chapter or to support implementation of
20 electrification and efficiency goals in the state energy strategy.

21 (6) To assist the technical advisory group established in section
22 6 of this act, the administrator or administrators must convene labor
23 representatives, participating contractors, and other stakeholders,
24 to evaluate whether and how a workforce agreement could streamline
25 project implementation where multiple funding sources have various
26 program reporting requirements.

27 (7)(a) The department or administrator or administrators may
28 develop and deliver other services as deemed necessary to increase
29 program effectiveness, such as: Establishing uniform lists of
30 appliance models that qualify for multiple incentive programs;
31 working with original equipment manufacturers and retail outlets to
32 secure bulk purchasing discounts and retail discounts; and
33 establishing standardization and privacy agreements to support data
34 integration and sharing across all relevant energy efficiency and
35 electrification programs.

36 (b) The administrator or administrators may directly administer
37 incentives and rebates for programs as directed by the department.

38 (c) The administrator or administrators may collect income
39 verification information and may share this information with other
40 entities as the department deems appropriate.

1 (8) (a) The administrator or administrators may not provide any
2 financial or technical assistance for any projects that include
3 installation of new natural gas or other fossil fuel appliances.

4 (b) Nothing in this section may supplant energy efficiency
5 programs administered by electric utilities.

6 NEW SECTION. **Sec. 5.** (1) The department must report to the
7 legislature on the implementation of the statewide building energy
8 upgrade navigator program.

9 (2) (a) The report required in subsection (1) of this section must
10 include details on the following performance metrics, to the extent
11 practical:

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

13 (ii) Cost-effectiveness trends for efficiency and
14 electrification;

15 (iii) Wage levels of jobs created;

16 (iv) Utilization of state registered preapprentice and
17 apprenticeship programs;

18 (v) Utilization of certified minority and women-owned contractors
19 and self-identified minority and women-owned contractors within the
20 program;

21 (vi) Efficiency and speed of delivery of services;

22 (vii) Public health benefits, including indoor and outdoor air
23 quality improvements and increased access to cooling for climate
24 resilience;

25 (viii) Reduction of energy burdens for low-income and moderate-
26 income households, vulnerable populations, and overburdened
27 communities; and

28 (ix) Percent of funding dedicated to serving low-income
29 households, vulnerable populations, and overburdened communities
30 identified by the department, including tribal communities, with 40
31 percent as the goal.

32 (b) The report must include recommendations for additional energy
33 efficiency, electrification, and distributed energy programs for
34 customers to: (i) Maximize deployment of energy efficiency services;
35 (ii) achieve higher rates of penetration and economies of scale
36 related to implementing multiple measures simultaneously; and (iii)
37 close gaps in funding and services that restrict access for low-
38 income and moderate-income households, vulnerable populations, and
39 overburdened communities.

1 (c) The report must include the progress report from the
2 technical advisory group as required in section 6(6) of this act.

3 (d) The department's report to the legislature is due by
4 September 1, 2026, and every September 1st of even-numbered years
5 thereafter.

6 NEW SECTION. **Sec. 6.** (1) The department must convene a
7 technical advisory group by July 1, 2025, to provide ongoing guidance
8 to the statewide building energy upgrade navigator program
9 established in section 3 of this act. The technical advisory group's
10 guidance must include recommendations on how to continuously improve
11 and grow the program, address any gaps in program design and
12 implementation, address split incentives, and how to incorporate the
13 department of health's environmental health disparities mapping tool
14 into the work of the navigator program.

15 (2) The technical advisory group must make recommendations
16 regarding workforce development, contractor needs, and needed
17 training curriculum.

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

22 (4) In consultation with the evaluation in section 4(6) of this
23 act, the technical advisory group must make recommendations about how
24 to ensure that projects supported by the navigator program pay
25 workers at least a rate consistent with the prevailing rate of wage
26 pursuant to RCW 39.12.010 and to ensure there is a pathway for small
27 businesses and minority and women-owned contractors to comply with
28 program requirements.

29 (5) Technical advisory group members must be appointed by the
30 department. The department must strive to appoint members
31 representing the geographical diversity of the state. Membership must
32 consist of the following:

33 (a) Seven members representing low-income households, vulnerable
34 populations, and overburdened communities to include:

35 (i) Five from community-based organizations that represent
36 communities disproportionately burdened by pollution and
37 environmental hazards;

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

1 (iii) One from the low-income weatherization advisory board;
2 (b) Three members representing labor and workforce to include:
3 (i) One from construction labor;
4 (ii) One from the electrician trades; and
5 (iii) One from an organization involved in workforce training;
6 (c) Three members representing industry to include:
7 (i) One from the heating, ventilation, and air conditioning
8 industry;
9 (ii) One from a minority and women's business contractor or a
10 minority and women's business training provider or advocate; and
11 (iii) One from the financial services industry;
12 (d) Two members representing utilities to include:
13 (i) One from an investor-owned utility; and
14 (ii) One from a consumer-owned utility; and
15 (e) Three members representing the environment to include:
16 (i) Two with a depth of experience in greenhouse gas emissions
17 reduction and climate resiliency; and
18 (ii) One from the Washington State University extension energy
19 program.
20 (6) Beginning May 1, 2026, and every May 1st of even-numbered
21 years thereafter, the technical advisory group must provide a
22 progress report on the implementation of the statewide building
23 energy upgrade navigator program to the department for incorporation
24 in the department's report to the legislature as required in section
25 5(2)(c) of this act.

26 NEW SECTION. **Sec. 7.** Sections 1 through 6 of this act
27 constitute a new chapter in Title 70A RCW."

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NOT CONSIDERED 03/07/2024

28 On page 1, line 1 of the title, after "buildings;" strike the
29 remainder of the title and insert "and adding a new chapter to Title
30 70A RCW."

EFFECT: (1) Reorganizes sections of the bill and creates a new chapter in state law for the navigator program rather than amending and adding sections to an existing chapter.

(2) Requires the department of commerce (commerce) to consult, rather than coordinate and collaborate, with the WSU extension energy program, and to consult with city and county governments, representatives of low-income and moderate-income households, vulnerable populations, and overburdened communities when designing the navigator program.

(3) Delays by 10 months the requirement for commerce to enter into a contract with one or more administrators—from March 1, 2024, to January 1, 2025.

(4) Specifies that, in addition to aligning the navigator program with the federal inflation reduction act and infrastructure investment and jobs act, the navigator program must be aligned with and support coordination among utility, local, city, county, state, private, and other federal programs and funding.

(5) Directs the administrator of the navigator program to:

(a) Dedicate a minimum of 40 percent of outreach expenditures, rather than prioritize services, to low-income households, vulnerable populations, and overburdened communities;

(b) Develop a streamlined application process that prioritizes low-income and moderate-income households, vulnerable populations, and overburdened communities;

(c) Provide outreach in culturally appropriate and accessible ways and facilitate ongoing communication and collaboration with other programs related to clean energy and efficiency in order to minimize duplicative efforts;

(d) Perform or assist with energy assessments in addition to energy audits; and

(e) Develop and deliver other services as deemed necessary to increase program effectiveness, such as establishing uniform lists of appliance models and standardization and privacy agreements to support data integration and sharing across all relevant energy efficiency and electrification programs.

(6) Specifies that contractors in the contractor network must pledge that they will not recommend or install fossil fuel appliances to a customer through the navigator program and that the contractor network will strive to reflect the diversity of the communities it serves.

(7) Directs that energy audits must include utility bill analysis for multifamily rental buildings to understand the potential impacts for tenants.

(8) Clarifies that commerce must have access to and own data in the database developed by the administrator.

(9) Authorizes the administrator to collect income verification information and share this information with entities that commerce deems appropriate.

(10) Makes the data system and tracking portal subject to the approval process for technology projects under the operating budget.

(11) Replaces the start date for commerce to convene a technical advisory group by December 1, 2023, with July 1, 2025, and changes the due date for the technical advisory group's progress report to commerce, rather than the legislature, to every other year beginning May 1, 2026, rather than every year by December 1st.

(12) Removes the null and void clause.

(13) Makes technical corrections.

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