
Environment & Energy Committee

HB 1391

Brief Description: Concerning energy in buildings.

Sponsors: Representatives Ramel, Doglio, Duerr, Berry, Pollet and Reed.

Brief Summary of Bill

- Directs Commerce to contract with one or more administrators to establish a Statewide Building Energy Upgrade Navigator Program (Navigator Program) by March 1, 2024.
- Requires the administrator(s) of the Navigator Program to provide outreach and deliver energy services to residences, commercial buildings under 20,000 square feet, and multifamily buildings, and to develop community workforce agreements.
- Requires Commerce, by December 2023, to convene a technical advisory group to provide ongoing guidance to the Navigator Program, and to report to the Legislature.

Hearing Date: 1/31/23

Staff: Megan McPhaden (786-7114).

Background:

2021 State Energy Strategy.

The Department of Commerce (Commerce) was directed in 2019 to update the State Energy Strategy, and to align the strategy with the requirements of the Energy Independence Act, the Clean Energy Transformation Act, and the state's greenhouse gas emissions reduction targets. Commerce published the State Energy Strategy in 2021.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Utilities and Transportation Commission's Natural Gas Decarbonization Study.

The enacted 2021-23 State Operating Budget required the Utilities and Transportation Commission to examine pathways for electric and natural gas utilities to contribute their share to greenhouse gas emissions reduction targets, and the impacts of energy decarbonization on residential and commercial customers and utilities. The study is required to identify and consider how natural gas utilities can decarbonize, as well as examine potential policy changes to facilitate decarbonization of the services that gas companies provide, among other requirements. The report is due to the Legislature by June 1, 2023.

State Funding for Programs Related to Energy in Buildings.

The state's budgets provide funding for multiple programs related to energy in buildings. The Governor's proposed operating and capital budgets for the 2021-23 fiscal biennium include new funding for programs related to energy in buildings, which include the following:

- High Efficiency Electric Home Rebate program. With capital budget funds, Commerce would provide grants to third-party administrators for heat pump and other high-efficiency electric equipment rebates, with a focus on low and moderate income households and small businesses. Commerce must implement a statewide high efficiency electric equipment program to include providing education, outreach, grants, coordination, and technical assistance.
- Energy Burden Reduction Grant program. With operating budget funds, Commerce would provide utility bill assistance through the existing network of federal low-income home energy assistance program (LIHEAP) grantees. The program would connect households with an energy assessment to include determining needs for cooling and heating system upgrades.
- Weatherization Plus Health program. With capital budget funds, Commerce provides funding and oversight to community based organizations to deliver affordable housing preservation and efficiency upgrades by providing repairs, health and safety improvements, and installation of energy efficiency measures in low-income communities. With a set aside portion of these funds, the Washington State University Extension Energy Program provides Community Energy Efficiency Program grants to homeowners, tenants, and small business owners for energy efficiency investments. The CEEP program includes education, marketing, workforce support, and direct consumer incentives for building upgrades.
- Inflation Reduction Act Home Owner Managing Energy Savings (HOMES) rebate program. This new program, with funding proposed for Commerce in the capital budget, would provide rebates for energy efficiency upgrades.

Community Workforce Agreements.

In general, a community workforce agreement (CWA) is a pre-hire collective bargaining agreement with one or more labor organizations that establishes the terms and conditions of employment for a specific construction project and is a single agreement covering employees in the building and construction industry. A CWA covers all labor organizations representing the building and construction employees, as well as all contractors and subcontractors, working on the project.

Summary of Bill:

Establishment of Statewide Building Energy Upgrade Navigator Program.

The Department of Commerce (Commerce) must establish a Statewide Building Energy Upgrade Navigator Program (Navigator Program) to help building owners access electrification and energy efficiency services and funding, and to reduce greenhouse gas emissions, create jobs and business opportunities, and develop the building sector workforce.

Commerce must coordinate and collaborate with the Washington State University Energy Program, and may consult with others, on the design, administration, and implementation of the program.

By March 1, 2024, Commerce must contract with one or more administrators to run the program. The administrator(s) may be an entity including a nonprofit organization or community organization, but may not be an energy utility. Administrator contracts may not exceed five years and contracts must include performance metrics.

Outreach and Energy Services Requirements for the Navigator Program's Administrator(s).

It is the Legislature's intent that the administrator(s) provide services immediately, but as it may take more time for some of the required services to be provided than others, the administrator(s) must first focus on education and outreach to customers on navigating through relevant funding opportunities.

Striving to serve all regions of the state, the administrator(s) must provide outreach and delivery energy services, which include both electrification and energy efficiency services, to: (1) owner-occupied and rental residences; (2) commercial buildings under 20,000 square feet; and (3) single-family and multifamily dwellings.

The administrator(s) must:

- support energy efficient and emissions reductions alternatives for all types of fuel used in buildings;
- develop strategies to ensure that the navigator program prioritizes services to low-income households, vulnerable populations, and overburdened communities, including tribal communities, and consider recommendations of the Utilities and Transportation Commission's natural gas decarbonization study;
- support accessible administration of the federal Inflation Reduction Act, to the extent possible;
- support the integrated implementation of all clean building programs funded by the state, including the High Efficiency Electric Home Rebate program, Energy Burden Reduction Grant program, Weatherization Plus Health program, and Inflation Reduction Act Home Owner Managing Energy Savings (HOMES) rebate program; and
- implement a contractor qualification process to assist with finding and accessing qualified energy contractors for customers. This process must include meeting program labor standards and program reporting requirements. Contractor qualification must consider

contractor inclusion plans in coordination with the Office of Minority and Women's Business Enterprises.

Specifically, regarding outreach, the administrator(s) must:

- create and maintain updated and educational marketing materials, to include advice about all funds and financial assistance available from federal, state, local, and energy utility programs;
- assist with performing energy audits. Energy audits are assessments of building energy efficiency and fossil fuel reduction opportunities, including replacing appliances and equipment that do not use fossil fuels. Energy audits must provide recommendations on improvements including: (1) weatherization; (2) appliance upgrades; (3) electrification; (4) smart meters; (5) solar photovoltaic panels and other on-site renewable energy; (6) electric vehicle charging; and (7) smart thermostats; and
- provide community outreach in collaboration with Commerce's programs to reach and serve underserved communities.

Specifically, regarding energy services, the administrator(s) must assist with:

- electrification, including energy audits, helping convert to on-site renewable energy, installing heat pumps and heat pump water heaters, electric appliance replacement, and electric vehicle charging;
- energy efficiency, meaning energy audits, weatherization, energy efficiency retrofits, energy management systems, and smart metering;
- arranging and securing financing, program design and development, and other post-energy audit assistance and education to help customers meet energy savings goals;
- finding and accessing qualified energy contractors to implement energy audits; and
- income qualification services and recommendations for programs based on income eligibility.

The administrator(s) may:

- directly administer program incentives and rebates as directed by Commerce; and
- develop a database portal to identify and track the location of services provided, customer interactions, and performance metrics.

The administrator may not provide any assistance for projects that include installing new natural gas or other fossil fuel appliances.

Community Workforce Agreements.

The administrator(s) must develop community workforce agreements (CWAs) between labor representatives and contractors for the work performed on projects funded by the Navigator Program. When developing CWAs, the administrator(s) must consider the size and complexity of projects, number of trades and crafts to be used on the projects, availability of trained and skilled workers, and geographic location of the projects. The administrator(s) must also identify statewide workforce and contractor training needs, and develop training curriculum.

A CWA must, at minimum, establish goals or criteria for labor hours or percentage of work to be performed by underrepresented groups, local residents, and state registered apprentices. A CWA must also provide that the workers on a project are paid a wage that is at least equivalent to the prevailing wage for the same trade or occupation in the locality where the work is performed.

Reporting.

Every even-numbered year on September 1, Commerce must report on the implementation of the Navigator Program to the Legislature. The report must include detail on specific performance metrics, as well as recommendations for additional energy programs for customers. Performance metrics must include: (1) monetary, greenhouse gas, and energy savings achieved; (2) savings to investment ratio achieved for customers; (3) wage levels of jobs created; (4) use of state registered preapprentice and apprenticeship programs; (5) efficiency and speed of service delivery; and (6) public health benefits, including air quality improvements and increased access to cooling.

Technical Advisory Group to Provide Ongoing Guidance to the Navigator Program.

By December 1, 2023, Commerce must convene a Technical Advisory Group (TAG) to provide ongoing guidance to the Navigator Program. The TAG must provide recommendations for the program on how to improve and grow, address gaps in program design and implementation, address split incentives, and incorporate the Department of Health's environmental health disparities mapping tool.

TAG members must be appointed by Commerce and include one person representing each of the following:

- construction labor;
- electrician trades;
- construction industry;
- Washington State University Extension Energy Program;
- Commerce's Energy Office;
- low-income communities;
- Low-Income Weatherization Advisory Board;
- investor-owned utilities;
- consumer-owned utilities;
- the House of Representatives; and
- the Senate.

By December 1 of every year, the TAG must provide an implementation progress report on the Navigator Program to the Legislature.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is

passed.