
SENATE BILL 5570

State of Washington

68th Legislature

2023 Regular Session

By Senators Lovelett, Trudeau, Hasegawa, Keiser, Nguyen, Nobles, Pedersen, Randall, Rolfes, Saldaña, Valdez, and C. Wilson

Read first time 01/26/23. Referred to Committee on Environment, Energy & Technology.

1 AN ACT Relating to authorizing electric utilities to establish
2 energy efficiency revolving loan programs; adding a new section to
3 chapter 43.330 RCW; adding a new section to chapter 82.16 RCW; and
4 creating a new section.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that nearly all
7 low-income households pay their utility bills directly, as either
8 they own their homes or occupy rental homes where they are
9 responsible for utility bills. Energy efficiency improvements may be
10 costly and although they will pay back the up-front costs over time
11 in reduced utility bills, many households do not have the capital or
12 access to lenders at reasonable rates to make these investments.
13 Furthermore, a property owner of rental housing may not believe the
14 energy efficiency upgrades will sufficiently add to the property
15 value to justify the investment, particularly when their tenant will
16 obtain the benefits of reduced utility bills.

17 (2) Therefore, the legislature intends to establish a grant
18 program within the department of commerce to provide funding for
19 electric utilities that choose to establish loan programs for energy
20 efficiency improvements that are structured to overcome the barriers
21 of more traditional financing. As electric utilities have a regular

1 relationship with their customers through monthly billings and
2 maintenance of their supply infrastructure, they are well positioned
3 to inform their customers of this potential financing mechanism to
4 lower their utility bills while doing their part in the transition to
5 a cleaner energy system.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330
7 RCW to read as follows:

8 (1) Subject to availability of amounts appropriated for this
9 specific purpose, the electric utility energy efficiency
10 capitalization grant program is created within the department. The
11 purpose of the program is to enable electric utilities to provide
12 residential loan options that create energy efficiency for low-income
13 and moderate-income households. Energy efficiency includes
14 weatherization projects, such as insulation upgrades, window
15 replacement, and repairs needed to achieve energy savings.

16 (2) Each electric utility may apply to the department to receive
17 funding to establish an energy efficiency revolving loan program.

18 (3) An electric utility's program must include the following
19 elements:

20 (a) Priority for loans must be given to properties in
21 overburdened communities as identified by the state's environmental
22 health disparities map;

23 (b) Determination of income qualification for a program must
24 comply with guidelines adopted by the department by rule;

25 (c) All loans provided under a program must be interest free;

26 (d) Loans provided under a program must be secured with a lien on
27 the property that received the energy efficiency improvement;

28 (e) A list of participating contractors must be identified and
29 provided as part of the program application process;

30 (f) Either a separate billing system or an on-bill repayment
31 program must be provided for participating customers; and

32 (g) An energy efficiency revolving loan account. The moneys in
33 the account must be used solely to fulfill commitments arising under
34 this act. All loan repayment moneys must be deposited into this
35 account.

36 (4) An electric utility may choose to contract with a third party
37 to implement a program, provided the third party acts in accordance
38 with the requirements under this section.

1 (5) Electric utilities may offer different loan programs
2 depending on the customer needs and circumstances, including the
3 following:

4 (a) Deferred loans for income-qualified customers that own and
5 occupy their home. The program may cover the full cost of a project
6 and must allow:

7 (i) Loan repayment to be deferred until the home is sold, when
8 the loan balance is paid as part of the sales transaction; and

9 (ii) Customers to qualify based on payment history with the
10 electric utility;

11 (b) Forgivable loans for property owners with income-qualified
12 tenants. If the property owner fails to meet the requirements of
13 (b)(i) through (iii) of this subsection, the loan balance is
14 transferred to a new loan and becomes due upon the sale of the home.
15 The program must require:

16 (i) An energy audit of the property;

17 (ii) The property to be continuously occupied by income-qualified
18 tenants for five years after the upgrades; and

19 (iii) The property owner keeps the rent within the fair market
20 rent as determined by the United States department of housing and
21 urban development during the five-year time period.

22 (6) An electric utility may claim conservation savings from cost-
23 effective measures financed through an energy efficiency revolving
24 loan program and apply these savings toward achieving its
25 conservation acquisition targets under chapter 19.285 RCW.

26 (7) At least annually, any electric utility receiving funding
27 under this section must report to the department their program costs
28 and the number of customers who received program loans.

29 (8) The department must adopt rules to implement this section.

30 (9) The definitions in this subsection apply throughout this
31 section unless the context clearly requires otherwise.

32 (a) "Electric utility" means a consumer-owned or investor-owned
33 utility as defined in RCW 19.29A.010.

34 (b) "Environmental health disparities map" means the data and
35 information developed pursuant to RCW 43.70.815.

36 (c) "Overburdened community" means a geographic area where
37 vulnerable populations face combined, multiple environmental harms
38 and health impacts and includes, but is not limited to, highly
39 impacted communities as defined in RCW 19.405.020.

1 (d) "Program" means an energy efficiency revolving loan program
2 established by an electric utility.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16
4 RCW to read as follows:

5 This chapter does not apply to any funds due and payable under an
6 energy efficiency revolving loan program in accordance with section 2
7 of this act.

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