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**HOUSE BILL 1125**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Representatives Shewmake, Fitzgibbon, Ryu, Leavitt, Valdez, Fey, Macri, and Pollet

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1 AN ACT Relating to incentivizing investment in energy  
2 conservation and efficiency measures and expanding opportunities for  
3 energy rate discounts to, among other objectives, reduce the energy  
4 burden of low-income customers and vulnerable populations; amending  
5 RCW 80.28.068; and adding a new section to chapter 80.28 RCW.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 80.28  
8 RCW to read as follows:

9 (1)(a) Electrical and natural gas companies maintain programs  
10 offering incentives for single-family and multifamily housing owners  
11 to have conservation and energy efficiency measures financed and  
12 installed at their premises. The owners of single-family and  
13 multifamily rental housing may be reluctant to participate in such  
14 programs when they are required to financially supplement the  
15 company's incentive to fully fund cost-effective conservation and  
16 energy efficiency measures. By not participating in an electrical or  
17 natural gas company's programs, single-family and multifamily rental  
18 housing owners expose tenants to higher energy bills and deny  
19 electrical and natural gas companies from being able to achieve  
20 greater reductions in energy consumption.

1 (b) It is the intent of this section to: Incentivize and enable  
2 electrical and natural gas companies to access conservation and  
3 energy efficiency opportunities in single-family and multifamily  
4 rental housing in a manner that reduces the energy burden of  
5 customers, especially low-income customers, vulnerable populations,  
6 and customers in highly impacted communities; benefit the premises  
7 owner by enhancing the value of their property; and treat capital  
8 investments in conservation and energy efficiency comparably to  
9 capital investment in generation resources.

10 (2) The commission shall allow an electrical and natural gas  
11 company to invest in programs that achieve energy conservation and  
12 improve the efficiency of energy end use of single-family and  
13 multifamily rental housing in lieu of requiring a contribution from  
14 the premises owner to finance measures that would be cost-effective  
15 in the aggregate. The commission shall allow the company to earn a  
16 return on cost-effective investments made under this section over a  
17 duration of time that reduces the customer's energy burden and  
18 minimizes the investment's impact on the customer's bill, while  
19 providing a return on equity that incentivizes the company to make  
20 such an investment.

21 (3) The electrical or natural gas company shall prioritize  
22 investments made under this section on single-family and multifamily  
23 rental housing to reduce the energy burden of low-income customers,  
24 vulnerable populations, and customers in highly impacted communities  
25 while meeting the customer's comfort and productivity needs.

26 (4) Investments made under this section must be secured through  
27 the meter and recovered through the regular billing paid by the  
28 tenant, including any successor tenant, or owner of the premises. If  
29 the bill is paid by the premises' owner, the company's investment  
30 must be recovered pursuant to a site-specific services agreement. The  
31 investment must be recovered as any other energy charge, including  
32 being subject to collection, until the authorized return on the  
33 investment has been fully recovered. An investment made under this  
34 section must be designated as an "energy savings charge" as a line-  
35 item on the regular customer billing.

36 (5) The electrical or natural gas company shall provide the  
37 premises owner sufficient information for the owner to provide a  
38 tenant who is responsible for paying the electric or gas bill as  
39 required under this subsection. At least 30 days prior to the  
40 commencement of work to install conservation measures at the

1 premises, the premises owner shall notify a tenant of the owner's  
2 authorization for an electrical or gas company to install  
3 conservation measures at the premises inhabited by the tenant under a  
4 financial arrangement provided under this section. The notice must  
5 include a description of the work to be performed and the expected  
6 benefits of the conservation measures.

7 (6) The definitions in this subsection apply throughout this  
8 section unless the context clearly requires otherwise.

9 (a) "Cost effective" has the same meaning as defined in RCW  
10 80.52.030.

11 (b) "Energy burden" has the same meaning as defined in RCW  
12 19.405.020.

13 (c) "Highly impacted communities" has the same meaning as defined  
14 in RCW 19.405.020.

15 (d) "Low-income" has the same meaning as defined in RCW  
16 19.405.020.

17 (e) "Vulnerable populations" has the same meaning as defined in  
18 RCW 19.405.020.

19 **Sec. 2.** RCW 80.28.068 and 2009 c 32 s 1 are each amended to read  
20 as follows:

21 (1) Upon request by an electrical or gas company, or other party  
22 to a general rate case ((hearing)) proceeding, the commission may  
23 approve rates, charges, services, and/or physical facilities at a  
24 discount for low-income senior customers and low-income customers.  
25 Expenses and lost revenues as a result of these discounts shall be  
26 included in the company's cost of service and recovered in rates to  
27 other customers.

28 (2) An electrical company may provide discounts under this  
29 section to reduce the energy burden of low-income or vulnerable  
30 populations and to ensure that the benefits of the transition to  
31 clean energy are equitably distributed, as required under chapter  
32 19.405 RCW.

33 (3) The definitions in this subsection apply throughout this  
34 section unless the context clearly requires otherwise.

35 (a) "Energy burden" has the same meaning as defined in RCW  
36 19.405.020.

37 (b) "Highly impacted communities" has the same meaning as defined  
38 in RCW 19.405.020.

1        (c) "Low-income" has the same meaning as defined in RCW  
2 19.405.020.

3        (d) "Physical facilities" includes, but is not limited to,  
4 community solar projects, as defined in RCW 82.16.160.

5        (e) "Vulnerable populations" has the same meaning as defined in  
6 RCW 19.405.020.

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