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**HOUSE BILL 1130**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Representatives Dye, Klicker, Young, Jacobsen, and Schmick

AN ACT Relating to consumer affordability and reliability in energy supply; amending RCW 19.405.120; adding a new section to chapter 19.405 RCW; adding a new chapter to Title 80 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that Washingtonians care about affordable and reliable energy. Washingtonians care about low-income residents and vulnerable populations who struggle to pay utility bills. Washingtonians care about those with health conditions that make them vulnerable to power outages during heat waves or cold snaps. Washingtonians care about the good jobs lost when good-paying energy-intensive jobs pass on our state. While the state has described the goals of affordability and reliability in various places in statute, the state has never set a framework for achieving these energy policy goals that our residents care about, such as reducing the total cost of utility bills, reducing the number of people in need of energy assistance, or reducing the number and duration of power outages. Instead, to date, the state has only set a mandate for achieving carbon emissions reductions.

The legislature finds that many families in Washington are burdened by energy costs. Utility bill delinquency rates are growing and there is a growing need for ratepayer-subsidized energy assistance and home weatherization programs. The legislature recognizes that this energy cost burden can fall disproportionately on historically disadvantaged communities. As lower-income residents in Washington face rising energy costs, these costs act as a regressive tax, those residents pay a larger portion of their limited income toward utility bills than those with higher incomes.

The legislature recognizes that for decades this state has neglected to honor the values of affordability and reliability with sufficient balance and commitment. Although affordability and reliability are priorities of our state's residents, the state has no mandates, statutory performance standards, or targets for affordable energy prices and grid reliability. With the passage of the clean energy transformation act in 2019, the state only recently directed that the department of commerce begin the collection and reporting of baseline data on the level of household energy burden and the number of people in Washington in need of low-income energy assistance. Household energy burden was defined as the share of household income spent on home energy bills. Tracking the cost as a percentage of income, rather than tracking total bill costs, may obscure real localized increases in costs if average incomes in the state are rising, or if additional taxes and fees are imposed. In addition, tracking home energy burden alone can obscure increased costs to families from electrification of transportation if the costs of charging personal vehicles is not included in the data collected.

Therefore, the legislature intends to restore balance to its energy policy by complementing its statutory commitment to clean energy with a commitment to leadership in affordable and reliable energy. The legislature intends to set targets for meaningful cost reductions to utility bills and significant improvement in grid reliability, direct a plan to achieve those reductions along with an economic impact study, and direct better collection and presentation of baseline data on energy cost experiences of Washington residents.

NEW SECTION. **Sec.**  (1)(a) The state shall limit retail electricity and natural gas utility bill costs to achieve the following cost reductions for Washington retail electric and natural gas customers in all rate classes: By 2031, reduce cumulative bill costs within each rate class for each electric and natural gas utility to 50 percent below 1990 levels or 50 percent below 2020 levels, whichever is lower.

(b) For the purposes of this subsection, "bill costs" means the amount spent to pay annual energy bills inclusive of any amounts paid for electric vehicle charging, taxes, and fees.

(2) The state shall achieve the best reliability for the safety and security of Washington retail electric and natural gas customers in all rate classes by limiting service outages as follows: By 2031, reduce cumulative power outages and energy supply disruptions to 50 percent below 1990 levels or 50 percent below 2020 levels, whichever is lower.

(3)(a) By December 1, 2022, the public counsel unit of the office of the attorney general must submit a report to the legislature that: (i) Describes the actions necessary to achieve the affordability and reliability improvements in subsections (1) and (2) of this section using existing statutory authority; and (ii) provides recommendations, if any, for additional statutory authority as may be necessary to achieve these objectives.

(b) The report required under this subsection must be informed by an economic impact analysis that identifies the following:

(i) The cumulative cost impact of power outages in Washington since 1990 and what the economic impact would be of a range of percentage reductions in the number and duration of outages since that time and up to 2050; and

(ii) The cumulative cost savings and economic and employment impact of the additional cash flow in the economy resulting from the statewide bill cost reductions required under subsection (1) of this section.

(c) To the extent practicable, the report required under this subsection must separately state the bill costs and reliability experience of residents in Indian country in Washington and of any other historically disadvantaged communities, as well as any particularized benefits that those communities may experience from improved reliability and lower bill costs, such as improved health outcomes, increased employment opportunities, or increased disposable incomes.

(d) The public counsel unit of the office of the attorney general is authorized to require the submission by any utility provider, agency, or political subdivision of the state of such information, reports, and data as are necessary to document current and historical bill costs, and the frequency and duration of loss of load events, and to prepare the economic impact analysis required under subsection (2)(b) of this section. Similar information, reports, and data may be requested, but are not required, from sovereign tribal nations.

(e) It is the intent of the legislature to provide financial resources to the public counsel unit of the office of the attorney general sufficient to develop the plan required under this section by providing at least as much as has been appropriated by the state since 2013 to fund agency review and third-party consulting on the removal of dams on the lower Snake river and for the evaluation of Washington's potential for high-speed rail.

NEW SECTION. **Sec.**  A new section is added to chapter 19.405 RCW to read as follows:

To the extent practicable, rules developed under this chapter must incorporate the policy objectives of reaching the targets for reliability and cost established under section 2 (1) and (2) of this act and the information that becomes available upon completion of the report required in section 2(3) of this act.

**Sec.**  RCW 19.405.120 and 2019 c 288 s 12 are each amended to read as follows:

(1) It is the intent of the legislature to ((~~demonstrate progress toward making energy assistance funds available to low-income households consistent with the policies identified in this section~~)) reduce the need for energy assistance funds by lowering the actual amount retail electric and natural gas customers in the state spend on energy in real dollar terms.

(2) An electric utility must make programs and funding available for energy assistance to low-income households by July 31, 2021. Each utility must demonstrate progress in providing energy assistance pursuant to the assessment and plans in subsection (4) of this section. To the extent practicable, priority must be given to low-income households with a higher energy burden.

(3) Beginning July 31, 2020, the department must collect and aggregate data estimating the energy burden, the number of electric and gas utility customers with accounts delinquent more than 60 days and the total average dollar amount of delinquency, and energy assistance need and reported energy assistance for each electric utility, in order to improve agency and utility efforts to serve low-income households with energy assistance and to achieve the objective of reducing real dollar amounts spent on energy. The department must update the aggregated data on a biennial basis, make it publicly accessible on its internet website and((~~, to the extent practicable, include geographic attributes~~)) provide the aggregated data differentiated by city, county, and legislative district in order to increase political accountability.

(a) The aggregated data published by the department must include, but is not limited to:

(i) The estimated number and demographic characteristics of households served by energy assistance for each utility and the dollar value of the assistance, and the number of accounts delinquent more than 60 days and the total average dollar amount of delinquency for each rate class;

(ii) The estimated level of energy burden, inclusive of electric vehicle charging costs, and energy assistance need among customers served, accounting for household income and other drivers of energy burden;

(iii) Housing characteristics including housing type, home vintage, and fuel types; and

(iv) Energy efficiency potential.

(b) Each utility must disclose information to the department for use under this subsection, including:

(i) The amount and type of energy assistance and the number and type of households, if applicable, served for programs administered by the utility;

(ii) The amount of money passed through to third parties that administer energy assistance programs; and

(iii) Subject to availability, any other information related to the utility's low-income assistance programs that is requested by the department.

(c) The information required by (b) of this subsection must be from the electric utility's most recent completed budget period and in a form, timeline, and manner as prescribed by the department.

(4)(a) In addition to the requirements under subsection (3) of this section, each electric utility must submit biennially to the department an assessment of:

(i) The programs and mechanisms used by the utility to reduce energy burden and the effectiveness of those programs and mechanisms in both short-term and sustained energy burden reductions;

(ii) The outreach strategies used to encourage participation of eligible households, including consultation with community-based organizations and Indian tribes as appropriate, and comprehensive enrollment campaigns that are linguistically and culturally appropriate to the customers they serve in vulnerable populations; and

(iii) A cumulative assessment of previous funding levels for energy assistance compared to the funding levels needed to meet: (A) Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2018, whichever is greater, by 2030; and (B) ninety percent of the current energy assistance need by 2050.

(b) The assessment required in (a) of this subsection must include a plan to improve the effectiveness of the assessed mechanisms and strategies toward meeting the energy assistance need.

(5) A consumer-owned utility may enter into an agreement with a public university, community-based organization, or joint operating agency organized under chapter 43.52 RCW to aggregate the disclosures required in this section and submit the assessment required in subsections (3) and (4) of this section.

(6)(a) The department must submit a biennial report to the legislature that:

(i) Aggregates information into a statewide summary of energy assistance programs, energy burden, ((~~and energy assistance need~~)) total bill costs inclusive of fees and taxes, and energy assistance need, providing transparency to the public by displaying the data for each city, county, and legislative district;

(ii) Identifies and quantifies current expenditures on low-income energy assistance; ((~~and~~))

(iii) Evaluates the effectiveness of additional optimal mechanisms for energy assistance including, but not limited to, customer rates, a low-income specific discount, system benefits charges, and public and private funds; and

(iv) Evaluates trends in the impact of vehicle charging costs on household and business energy burden, and trends for account delinquency, including total dollar amounts delinquent in each city, county, and legislative district.

(b) The department must also assess mechanisms to prioritize energy assistance towards low-income households with a higher energy burden.

(7) Nothing in this section may be construed to restrict the rate-making authority of the commission or the governing body of a consumer-owned utility as otherwise provided by law.

NEW SECTION. **Sec.**  Sections 1 and 2 of this act constitute a new chapter in Title 80 RCW.

NEW SECTION. **Sec.**  This act may be known and cited as the Washington consumer affordability and reliability in energy supply act.

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