**1391-S2 AMS ENET S5130.2 - NOT FOR FLOOR USE**

**2SHB 1391** - S COMM AMD

By Committee on Environment, Energy & Technology

**NOT CONSIDERED 03/07/2024**

Strike everything after the enacting clause and insert the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The department must enter into a contract with an administrator or administrators by January 1, 2025. The legislature intends for the administrator or administrators to begin providing as many of the services outlined in this chapter as possible immediately and recognizes that it may take more time for some services to be provided than others. Therefore, the administrator or administrators must first focus on providing clear education and community outreach to customers on navigating through relevant funding opportunities and leverage existing programs.

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

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

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

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

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

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

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

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

(i) As described in the 2023-2024 omnibus capital appropriations act: High efficiency electric home rebate program; home efficiency rebate program; weatherization plus health program; rural rehabilitation grant program; community energy efficiency program; energy retrofits and solar power for public buildings; energy efficiency revolving loan fund capitalization program; and state project improvement grants;

(ii) Energy efficiency and conservation block grants;

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

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

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

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

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

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

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

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

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

(b) An energy audit must provide recommendations to customers on a wide range of cost-effective energy and health improvements, including identification and coordination of all applicable local, utility, state, and federal incentive programs that could reduce project costs for customers. Energy audits must include an assessment of building energy efficiency and fossil fuel reduction opportunities, from measures that require very little investment and without any disruption to building operation, normally involving general building operational measures, to low or relatively higher cost investments, such as installing timers to turn off equipment, replacing light bulbs, installing insulation, replacing equipment and appliances with higher efficiency equipment and appliances or appliances and equipment that do not use fossil fuels, and similar measures. Health and safety measures that need to be addressed before proceeding with energy efficiency or fossil fuel reduction opportunities must be provided and referrals documented to gain understanding of these barriers. Energy audits must include utility bill analysis for multifamily rental buildings to understand the potential cost impacts for tenants. Energy audits must include an assessment of alternatives for the generation of heat and power from renewable energy resources including, but not limited to, installation of solar water heating and equipment for photovoltaic electricity generation and storage.

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

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

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

(i) Energy and resource conservation;

(ii) Energy efficiency improvements;

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

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

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

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

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

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

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

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

(a) The geographic location of services provided;

(b) Customer interactions;

(c) Performance metrics for work completed;

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Wage levels of jobs created;

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

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

(vi) Efficiency and speed of delivery of services;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) One from the low-income weatherization advisory board;

(b) Three members representing labor and workforce to include:

(i) One from construction labor;

(ii) One from the electrician trades; and

(iii) One from an organization involved in workforce training;

(c) Three members representing industry to include:

(i) One from the heating, ventilation, and air conditioning industry;

(ii) One from a minority and women's business contractor or a minority and women's business training provider or advocate; and

(iii) One from the financial services industry;

(d) Two members representing utilities to include:

(i) One from an investor-owned utility; and

(ii) One from a consumer-owned utility; and

(e) Three members representing the environment to include:

(i) Two with a depth of experience in greenhouse gas emissions reduction and climate resiliency; and

(ii) One from the Washington State University extension energy program.

(6) Beginning May 1, 2026, and every May 1st of even-numbered years thereafter, the technical advisory group must provide a progress report on the implementation of the statewide building energy upgrade navigator program to the department for incorporation in the department's report to the legislature as required in section 5(2)(c) of this act.

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

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On page 1, line 1 of the title, after "buildings;" strike the remainder of the title and insert "and adding a new chapter to Title 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.