

E2SSB 5649 - H COMM AMD

By Committee on Technology, Energy & Communications

NOT ADOPTED 04/16/2009

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** FINDINGS. (1) The legislature finds that
4 improving energy efficiency in structures is one of the most cost-
5 effective means to meet energy requirements, and that while there have
6 been significant efficiency savings achieved in the state over the past
7 quarter century, there remains enormous potential to achieve even
8 greater savings. Increased weatherization and more extensive
9 efficiency improvements in residential, commercial, and public
10 buildings achieves many benefits, including reducing energy bills,
11 avoiding the construction of new electricity generating facilities with
12 associated climate change impacts, and creation of family-wage jobs in
13 performing energy audits and improvements.

14 (2) The legislature recognizes that the Washington State University
15 extension energy program is uniquely qualified to implement programs
16 consistent with the purposes of this act. Washington State University
17 has nationally recognized experts in energy efficiency, renewable
18 energy, energy technology, and program delivery.

19 (3) It is the intent of the legislature that financial and
20 technical assistance programs be expanded to direct municipal, state,
21 and federal funds, as well as electric and natural gas utility funding,
22 toward greater achievement of energy efficiency improvements. To this
23 end, the legislature establishes a policy goal of assisting in
24 weatherizing twenty thousand homes and businesses in the state in each
25 of the next five years. The legislature also intends to attain this
26 goal in part through supporting programs that rely on community
27 organizations and that there be maximum family-wage job creation in
28 fields related to energy efficiency.

29

PART 1

1 **Energy Efficiency Improvement Program**

2 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this
3 section apply throughout this chapter unless the context clearly
4 requires otherwise.

5 (1) "Account" means the energy efficiency assistance account
6 created in section 110 of this act.

7 (2) "Board" means the state board for community and technical
8 colleges.

9 (3) "Credit enhancement" means instruments which enhance the
10 security for the payment of the lender's obligations and includes, but
11 is not limited to insurance, letters of credit, lines of credit, or
12 other similar agreements.

13 (4) "Customers" means residents, businesses, and building owners.

14 (5) "Direct outreach" means:

15 (a) The use of door-to-door contact, community events, and other
16 methods of direct interaction with customers to inform them of energy
17 efficiency and weatherization opportunities; and

18 (b) The performance of energy audits.

19 (6) "Director" means the director of the energy efficiency
20 assistance program created in section 102 of this act.

21 (7) "Energy audit" means an assessment of building energy
22 efficiency opportunities, from measures that require very little
23 investment and without any disruption to building operation, normally
24 involving general building operational measures, to low or relatively
25 higher cost investment, such as installing timers to turn off
26 equipment, replacing light bulbs, installing insulation, replacing
27 equipment and appliances with higher efficiency equipment and
28 appliances, and similar measures. The term includes an assessment of
29 alternatives for generation of heat and power from renewable energy
30 resources, including installation of solar hot water heating and
31 equipment for photovoltaic electricity generation.

32 (8) "Energy efficiency and conservation block grant program" means
33 the federal program created under the energy independence and security
34 act of 2007 (P.L. 110-140).

35 (9) "Energy efficiency services" means energy audits,
36 weatherization, energy efficiency retrofits, energy management systems
37 as defined in RCW 39.35.030, and other activities to reduce a

1 customer's energy consumption, and includes assistance with paperwork,
2 arranging for financing, program design and development, and other
3 postenergy audit assistance and education to help customers meet their
4 energy savings goals.

5 (10) "Family wages" means wages that, aggregated over a year, total
6 at least two hundred percent of the poverty guideline for a family of
7 four, as established for the applicable calendar year by the United
8 States department of health and human services, or compliance with
9 prevailing wage provisions under chapter 39.12 RCW or area standard
10 wages for public works as determined by the department of labor and
11 industries, whichever is greater.

12 (11) "Low-income individual" means an individual whose annual
13 household income does not exceed eighty percent of the area median
14 income for the metropolitan, micropolitan, or combined statistical area
15 in which that individual resides as determined annually by the United
16 States department of housing and urban development.

17 (12) "Middle income" means household incomes that are between sixty
18 and one hundred twenty percent of the area median income.

19 (13) "President" means the president of Washington State
20 University.

21 (14) "Program" means the energy efficiency assistance program
22 created in section 102 of this act.

23 (15) "Sponsor" means any entity or group of entities that submits
24 a proposal under section 103 of this act, including but not limited to
25 any nongovernmental nonprofit organization, local community action
26 agency, tribal nation, community service agency, public service
27 company, county, municipality, publicly owned electric, or natural gas
28 utility.

29 (16) "Sponsor match" means the share, if any, of the cost of
30 efficiency improvements to be paid by the sponsor.

31 (17) "State energy program" means the federal program created under
32 the energy policy and conservation act (Title 42 U.S.C. Sec. 6321).

33 (18) "University" means Washington State University.

34 (19) "Weatherization" means making energy and resource conservation
35 and energy efficiency improvements.

36 NEW SECTION. **Sec. 102.** ENERGY EFFICIENCY ASSISTANCE PROGRAM
37 CREATED. (1) The energy efficiency assistance program is created

1 within the extension energy program of Washington State University.
2 The program must be managed by the director, who is appointed by the
3 president. The director must:

4 (a) Establish a process to award grants on a competitive basis
5 using funds from the account;

6 (i) Grants must be used to:

7 (A) Conduct direct outreach;

8 (B) Deliver energy efficiency services; or

9 (C) Create credit enhancements, such as loan loss reserve funds as
10 specified in section 107 of this act;

11 (ii) The allocation of grants funded by state energy program funds
12 shall be prioritized as follows:

13 (A) Weatherization of residential structures for middle-income
14 households, that are not eligible for weatherization assistance under
15 chapter 70.164 RCW; and

16 (B) Weatherization of operations of commercial, industrial, and
17 nonprofit entities that have reported an average of less than one
18 million dollars of gross revenue annually in the preceding five years;

19 (iii) Grants must be matched, in amounts determined by the
20 director, by resources provided by the sponsor;

21 (iv) If a match is required by the director, preference must be
22 given to those grant applicants with higher ratios of resources
23 provided by the sponsor to grant awards;

24 (b) Provide technical assistance:

25 (i) To grant recipients conducting direct outreach, delivering
26 energy efficiency services, or providing financing assistance and
27 services; and

28 (ii) For farm energy assessment activities as specified in section
29 109 of this act;

30 (c) Cooperate and coordinate with the department of community,
31 trade, and economic development and those entities providing energy
32 audit and energy efficiency services and training to maximize the
33 assistance provided in the program, avoid duplication of existing
34 programs, and encourage:

35 (i) The use of service delivery models by grant recipients that
36 have proven effective in existing programs; and

37 (ii) The development of geographic information about direct

1 outreach to be shared between grant recipients and low-income
2 weatherization providers to minimize duplication in targeting
3 customers;

4 (d)(i) Distribute a minimum of sixty percent of program funding as
5 grants, at least seventy-five percent of which must be prioritized for
6 programs that provide both direct outreach and delivery of energy
7 efficiency services;

8 (ii) Distribute a minimum of twenty percent of program funding for
9 technical assistance and training resource moneys as specified in
10 section 401 of this act;

11 (iii) Distribute a maximum of ten percent of program funding for
12 credit enhancements, using criteria as developed in subsection (4) of
13 this section;

14 (e) Retain a maximum of five percent of program funds provided by
15 the federal government for program administration and the
16 administrative overhead of the university; and

17 (f) Create an appliance efficiency rebate program with available
18 funds from the energy efficient appliances rebate program authorized
19 under the federal energy policy act of 2005 (P.L. 109-58).

20 (2) The director shall adopt guidelines addressing best practices
21 for direct outreach and energy efficiency services and avoiding
22 duplication of such services.

23 (3) The program must offer assistance to sponsors to develop and
24 design effective energy efficiency services programs.

25 (4) The director, in consultation with the department of financial
26 institutions, shall develop criteria regarding the extent which funds
27 will be provided for the purposes of credit enhancements under
28 subsection (1)(d)(iii) of this section and set forth principles for
29 accountability for financial institutions receiving funding for credit
30 enhancements.

31 (5) The director must approve any financing mechanisms offered by
32 local municipalities pursuant to section 107 of this act.

33 (6) The director shall require any financial institution or other
34 entity receiving funding for credit enhancements to:

35 (a) Provide books, accounts, and other records in such a form and
36 manner as the director may require;

37 (b) Identify a loan loss reserve that is sufficient to cover

1 projected loan losses which are not guaranteed by the United States
2 government; and

3 (c) Identify any other credit enhancements.

4 (7)(a) If a sponsor match is required by the director, a sponsor
5 may elect to: (i) Pay a sponsor match as a lump sum at the time of
6 weatherization; or (ii) make yearly payments to the account over a
7 period not to exceed ten years. If a sponsor elects to make yearly
8 payments, the value of the payments may not be less than the value of
9 the lump sum payment that would have been made under (a)(i) of this
10 subsection.

11 (b) A sponsor may use its own moneys, including corporate or
12 ratepayer moneys, or moneys provided by landlords, charitable groups,
13 government programs, the Bonneville power administration, or other
14 sources to pay the sponsor match.

15 (c) The director may permit a sponsor to meet its match requirement
16 in whole or in part through providing labor, materials, or other in-
17 kind expenditures.

18 NEW SECTION. **Sec. 103.** GRANTS AUTHORIZED. (1) The director shall
19 solicit grant applications from sponsors. The director may provide
20 grants that fully or partially fund a sponsor's proposal. The director
21 shall require the following in the grant application:

22 (a) The amount requested from the account;

23 (b) The amount of the sponsor match;

24 (c) The entities participating as sponsors and any entities that
25 will provide administrative support, direct outreach, energy efficiency
26 services, or financing assistance and services;

27 (d) A demonstration of effective fiscal accountability measures;

28 (e) Performance measures by which to assess the monetary and energy
29 savings of proposed efficiency projects following project completion;

30 (f) A work plan detailing the means and methods by which the
31 sponsor will carry out the required direct outreach or energy
32 efficiency services;

33 (g) Convincing evidence that a sponsor providing energy efficiency
34 services will be capable of helping customers achieve a savings-to-
35 investment ratio of at least one over a payback period of twenty years,
36 subject to the useful life of the improvements;

1 (h) Convincing evidence that the sponsor will ensure that workers
2 delivering energy efficiency services are paid family wages and are
3 performing jobs that could lead to careers in the construction trades
4 or in the energy efficiency sector;

5 (i) Convincing evidence that the sponsor will be able to
6 efficiently and expeditiously provide direct outreach or energy
7 efficiency services, including details on the sponsor's proposed hiring
8 practices, means of oversight of employees or contractors, plans to
9 employ, to the extent feasible, workers trained in training programs
10 using the curricula established in section 401 (1) and (2) of this act,
11 and the use of quality control measures;

12 (j) Convincing evidence that the sponsor will use only responsible
13 and reputable contractors with a satisfactory record of compliance with
14 all applicable safety, environmental, and labor laws and regulations;
15 and

16 (k) Any other information required by the director.

17 (2) In awarding grants, the director shall give preference to
18 sponsors that use best efforts to achieve the standards outlined in (a)
19 through (c) of this subsection.

20 (a) Twenty percent of all construction work hours will be performed
21 by state certified apprentices on a contractor by contractor basis;

22 (b) Twenty-five percent of all apprentice construction work hours
23 will be performed by first period apprentices; or

24 (c) Not less than twenty percent of all construction work hours
25 will be performed by:

26 (i) Individuals whose primary place of residence is within the same
27 county, the same metropolitan statistical area, or thirty miles of the
28 proposed project and who qualifies as being a disadvantaged worker
29 because the worker is a low-income individual, an at-risk youth, or a
30 previous offender; or

31 (ii) Either recently separated veterans or members of the national
32 guard, or both, who are returning from active duty in a foreign war
33 zone.

34 (3) In calculating compliance with the twenty percent standard
35 outlined in subsection (2)(c)(i) of this section, construction work
36 hours performed by residents of states other than Washington may not be
37 included.

1 (4) Preference must also be given to sponsors whose projects are
2 designed to achieve the greatest scope and economies of scale in the
3 provision of energy efficiency services.

4 (5) In awarding grants, the director shall also give preference to
5 applications that feature the utilization of a hiring and workforce
6 development program undertaken in partnership with entities that have
7 a successful track record of identifying and recruiting disadvantaged
8 workers, implementing and operating workers skills training and
9 education programs, and placing disadvantaged workers into sustained
10 employment.

11 (6) The director shall allocate funds appropriated from the account
12 among proposals accepted or accepted in part so as to achieve the
13 greatest possible expected monetary and energy savings by energy
14 consumers and shall, to the extent feasible, ensure a balance of
15 participation for (a) geographic regions in the state; (b) types of
16 fuel used for heating; (c) owner-occupied and rental residences; and
17 (d) single-family and multifamily dwellings. The director may allocate
18 funds to a nonutility sponsor without requiring a sponsor match if the
19 director determines that such an allocation is necessary to provide the
20 greatest benefits to middle-income residents of the state.

21 (7)(a) The director shall develop, track, and require reporting of
22 compliance with performance metrics for each sponsor receiving a grant
23 award. The performance metrics must include, but not be limited to:

- 24 (i) Monetary and energy savings achieved;
- 25 (ii) Savings-to-investment ratio achieved for customers;
- 26 (iii) Wage levels of jobs created;
- 27 (iv) Efficiency and speed of delivery of services; and
- 28 (v) Attainment of the standards established under subsection (2)(a)

29 through (c) of this section.

30 (b) Programs receiving funding under this section are required to
31 report on compliance with the performance metrics every six months
32 following the receipt of grants, with the last report submitted six
33 months after program completion. The director shall verify the
34 accuracy of these reports.

35 (c) The director shall provide a progress report on all grant
36 programs to the appropriate committees of the legislature by December
37 1st of each year.

1 NEW SECTION. **Sec. 104.** EXPEDITED GRANTS IN 2009. (1) The
2 legislature finds that conducting energy audits and performing
3 efficiency improvements in residences and commercial structures creates
4 family-wage jobs and will stimulate local economies where this work is
5 conducted. Therefore, the legislature directs that where
6 appropriations are made to the account specifically for the purpose of
7 expedited grants, the director shall accord priority to making such
8 grants over all other duties in the program. The director shall award
9 grants within the time frame set by the federal government under the
10 programs providing the funding for these activities. The director
11 shall develop and utilize expedited grant procedures to ensure both
12 compliance with federal program requirements and the legislature's goal
13 of providing prompt stimulation to local economies.

14 (2) By November 1, 2009, the director shall report to the
15 appropriate fiscal and policy committees in the senate and house of
16 representatives on the status of grant awards under this section. The
17 report may be combined with that made by the department of community,
18 trade, and economic development under section 206 of this act.

19 NEW SECTION. **Sec. 105.** PILOT GRANTS FOR COMMUNITY-WIDE URBAN
20 RESIDENTIAL AND COMMERCIAL EFFICIENCY UPGRADES. (1) The legislature
21 finds that comprehensive energy efficiency retrofits in the residential
22 and smaller commercial markets are significantly underutilized due in
23 part to the complex set of decisions that property owners face when
24 securing an energy audit, arranging for financing, and obtaining a
25 contractor to perform the retrofit work. While these retrofits have
26 previously been viewed as primarily benefiting the property owner with
27 energy cost savings, the additional benefits of the avoided costs of
28 new energy generation and the environmental and climate benefits of
29 reduced carbon emissions call for new ways of reaching residential and
30 business building owners to deliver energy efficiency services.
31 Therefore, the purpose of this section is to encourage programs that
32 will combine utility, government, and private investments in
33 residential and commercial building energy efficiency upgrades, with a
34 community-based outreach component to overcome the hurdles that
35 property owners face in considering these upgrades.

36 (2)(a) The director shall award not less than three grants for
37 programs that:

1 (i) Provide assistance for energy audits and energy efficiency
2 related improvements to structures owned by or used for residential,
3 commercial, or nonprofit purposes in specified urban neighborhoods
4 where the objective is to achieve a high rate of participation among
5 building owners within the pilot area;

6 (ii) Utilize volunteer support to reach out to potential customers
7 through the use of community-based institutions;

8 (iii) Employ qualified energy auditors to perform the energy audits
9 using recognized retrofit measures that are cost-effective;

10 (iv) Select and provide oversight of contractors to perform
11 retrofit work. The contractors must agree to participate in quality
12 control and efficiency training, pay prevailing wages, meet minimum
13 apprentice utilization standards, and hire from the community in which
14 the program is located; and

15 (v) Work with customers to secure financing for their portion of
16 the project and apply for and administer utility, public, and
17 charitable funding provided for energy audits and retrofits.

18 (b) Priority must be given to grant applicants that can secure a
19 sponsor match of at least one dollar for each dollar awarded.

20 NEW SECTION. **Sec. 106.** PROMOTING THE INVOLVEMENT OF FINANCIAL
21 INSTITUTIONS IN FINANCING ENERGY EFFICIENCY PROJECTS--FINDINGS AND
22 INTENT. (1) The legislature finds that the creation and use of risk
23 reduction mechanisms will promote greater involvement of local
24 financial institutions and other financing mechanisms in funding energy
25 efficiency improvements and will achieve greater leverage of state and
26 federal dollars. Risk reduction mechanisms will allow financial
27 institutions to lend to a broader pool of applicants on more attractive
28 terms, such as potentially lower rates and longer loan terms. Placing
29 a portion of funds in long-term risk reduction mechanisms will support
30 a sustained level of energy efficiency investment by financial
31 institutions while providing funding to projects quickly.

32 (2) It is the intent of the legislature to leverage new federal
33 funding aimed at promoting energy efficiency projects, improving energy
34 efficiency, and increasing family wage jobs. To this end, the
35 legislature intends to invest a portion of all federal funding, subject
36 to federal requirements, for energy efficiency projects in financial
37 mechanisms that will provide for maximum leverage of financing.

1 NEW SECTION. **Sec. 107.** PROMOTING THE INVOLVEMENT OF FINANCIAL
2 INSTITUTIONS IN FINANCING ENERGY EFFICIENCY PROJECTS. (1) Local
3 municipalities receiving federal stimulus moneys through the federal
4 energy efficiency and conservation block grant program are authorized
5 to use those funds, subject to federal requirements, to establish loan
6 loss reserves or toward risk reduction mechanisms, such as loan loss
7 reserves, to leverage financing for energy efficiency projects.

8 (2) Interest rate subsidies, financing transaction cost subsidies,
9 capital grants to energy users, and other forms of grants and
10 incentives that support financing energy efficiency projects are
11 authorized uses of federal energy efficiency funding.

12 (3) Financing mechanisms offered by local municipalities under this
13 section shall conform to all applicable state and federal regulations.

14 NEW SECTION. **Sec. 108.** PROMOTING THE INVOLVEMENT OF STATE-
15 CHARTERED BOND AUTHORITIES IN FINANCING ENERGY EFFICIENCY PROJECTS.

16 (1) The legislature finds that the state bond authorities have
17 capacities that can be applied to financing energy efficiency projects
18 for their respective eligible borrowers: Washington economic
19 development finance authority for industry; Washington state housing
20 finance commission for single-family and multifamily housing,
21 commercial properties, agricultural properties, and nonprofit
22 facilities; Washington higher education facilities authority for
23 private, nonprofit higher education; and Washington health care
24 facilities authority for hospitals and all types of health clinics.

25 (2)(a) Subject to federal requirements, the state bond authorities
26 may accept and administer an allocation of the state's share of the
27 federal energy efficiency funding for designing energy efficiency
28 finance loan products and for developing and operating energy
29 efficiency finance programs. The state bond authorities shall
30 coordinate with the program on the design of the bond authorities'
31 program.

32 (b) The director of the program may make allocations of the federal
33 funding to the state bond authorities and may direct and administer
34 funding for outreach, marketing, and delivery of energy services to
35 support the programs by the state bond authorities.

36 (c) The legislature authorizes a portion of the federal energy

1 efficiency funds to be used by the state bond authorities for credit
2 enhancements and reserves for such programs.

3 (3) The Washington state housing finance commission may:

4 (a) Issue revenue bonds as the term "bond" is defined in RCW
5 43.180.020 for the purpose of financing loans for energy efficiency and
6 renewable energy improvement projects in accordance with RCW
7 43.180.150;

8 (b) Establish eligibility criteria for financing that will enable
9 it to choose applicants who are likely to repay loans made or acquired
10 by the commission and funded from the proceeds of federal funds or
11 commission bonds; and

12 (c) Participate fully in federal and other governmental programs
13 and take such actions as are necessary and consistent with chapter
14 43.180 RCW to secure to itself and the people of the state the benefits
15 of programs to promote energy efficiency and renewable energy
16 technologies.

17 NEW SECTION. **Sec. 109.** FARM ENERGY ASSESSMENTS. (1) The
18 legislature finds that increasing energy costs put farm viability and
19 competitiveness at risk and that energy efficiency improvements on the
20 farm are the most cost-effective way to manage these costs. The
21 legislature further finds that current on-farm energy efficiency
22 programs often miss opportunities to evaluate and conserve all types of
23 energy, including fuels and fertilizers.

24 (2) The director, in consultation with the department of
25 agriculture, shall form an interdisciplinary team of agricultural and
26 energy extension agencies to develop and offer new methods to help
27 agricultural producers assess their opportunities to increase energy
28 efficiency in all aspects of their operations. The interdisciplinary
29 team must develop and deploy:

30 (a) Online energy self-assessment software tools to allow
31 agricultural producers to assess whole-farm energy use and to identify
32 the most cost-effective efficiency opportunities;

33 (b) Energy auditor training curricula specific to the agricultural
34 sector and designed for use by agricultural producers, conservation
35 districts, agricultural extensions, and commodity groups;

36 (c) An effective infrastructure of trained energy auditors

1 available to assist agricultural producers with on-farm energy audits
2 and identify cost-share assistance for efficiency improvements; and

3 (d) Measurement systems for cost savings, energy savings, and
4 carbon emission reduction benefits resulting from efficiency
5 improvements identified by the interdisciplinary team.

6 (3) The director shall seek to obtain additional resources for this
7 section from federal and state agricultural assistance programs and
8 from other sources.

9 NEW SECTION. **Sec. 110.** ACCOUNT CREATED. The energy efficiency
10 assistance account is created in the state treasury. Except for
11 appropriations and federal funds that must be used for low-income
12 weatherization assistance pursuant to chapter 70.164 RCW, a minimum of
13 thirty million dollars of all federal funds received pursuant to the
14 federal American recovery and reinvestment act of 2009 (P.L. 111-5),
15 the federal energy independence and security act of 2007 (P.L. 110-
16 140), the federal energy policy and conservation act (Title 42 U.S.C.
17 Sec. 6321), and the energy efficient appliance rebate program
18 authorized by the federal energy policy act of 2005 (P.L. 109-58), and
19 any other future appropriations in excess of levels of federal fiscal
20 year 2008 for these programs, for the purpose of assisting with energy
21 efficiency assessments, audits, or improvements must be deposited in
22 the account. Other funds, gifts, grants, and endowments from public or
23 private sources, in trust or otherwise, may be directed into the
24 account. Any moneys received from sponsor match payments must be
25 deposited in the account. Moneys in the account may be spent only
26 after appropriation. Expenditures from the account may be used only
27 for the purposes of this chapter.

28 **PART 2**

29 **Low-Income Weatherization Programs**

30 **Sec. 201.** RCW 70.164.020 and 1995 c 399 s 199 are each amended to
31 read as follows:

32 (~~Unless the context clearly requires otherwise,~~) The definitions
33 in this section apply throughout this chapter unless the context
34 clearly requires otherwise.

1 (1) "Department" means the department of community, trade, and
2 economic development.

3 (2) "Energy (~~assessment~~) audit" means an analysis of a dwelling
4 unit to determine the need for cost-effective energy conservation
5 measures as determined by the department.

6 (3) "Family wages" means wages that, aggregated over a year, total
7 at least two hundred percent of the poverty guideline for a family of
8 four, as established for the applicable calendar year by the United
9 States department of health and human services, or compliance with
10 prevailing wage provisions under chapter 39.12 RCW or area standard
11 wages for public works as determined by the department of labor and
12 industries, whichever is greater.

13 (4) "Household" means an individual or group of individuals living
14 in a dwelling unit as defined by the department.

15 ~~((+4))~~ (5) "Low income" means household income ~~((that is at or~~
16 ~~below one hundred twenty five percent of the federally established~~
17 ~~poverty level))~~ as defined by the department, provided that the
18 definition may not exceed eighty percent of median household income,
19 adjusted for household size, for the county in which the dwelling unit
20 to be weatherized is located.

21 ~~((+5))~~ (6) "Nonutility sponsor" means any sponsor other than a
22 public service company, municipality, public utility district, mutual
23 or cooperative, furnishing gas or electricity used to heat low-income
24 residences.

25 ~~((+6))~~ (7) "Residence" means a dwelling unit as defined by the
26 department.

27 ~~((+7))~~ (8) "Sponsor" means any entity that submits a proposal
28 under RCW 70.164.040, including but not limited to any local community
29 action agency, tribal nation, community service agency, or any other
30 participating agency or any public service company, municipality,
31 public utility district, mutual or cooperative, or any combination of
32 such entities that jointly submits a proposal.

33 ~~((+8))~~ (9) "Sponsor match" means the share~~((, if any,))~~ of the
34 cost of weatherization to be paid by the sponsor.

35 ~~((+9))~~ (10) "Sustainable residential weatherization" or
36 "weatherization" means ((materials or measures, and their installation,
37 that are used to improve the thermal efficiency of a residence))
38 activities that use funds administered by the department for one or

1 more of the following: (a) Energy and resource conservation; (b)
2 energy efficiency improvements; (c) repairs, indoor air quality
3 improvements, and health and safety improvements; and (d) client
4 education. Funds administered by the department for activities
5 authorized under this subsection may only be used for the preservation
6 of a dwelling unit occupied by a low-income household and must, to the
7 extent feasible, be used to support and advance sustainable
8 technologies.

9 ((+10)) (11) "Weatherizing agency" means any approved department
10 grantee, tribal nation, or any public service company, municipality,
11 public utility district, mutual or cooperative, or other entity that
12 bears the responsibility for ensuring the performance of weatherization
13 of residences under this chapter and has been approved by the
14 department.

15 **Sec. 202.** RCW 70.164.040 and 1987 c 36 s 4 are each amended to
16 read as follows:

17 (1) The department shall solicit proposals for low-income
18 weatherization programs from potential sponsors. A proposal shall
19 state the amount of the sponsor match, the amount requested (~~from the~~
20 ~~low-income weatherization assistance account~~), the name of the
21 weatherizing agency, and any other information required by the
22 department.

23 (2)(a) A sponsor may use its own moneys, including corporate or
24 ratepayer moneys, or moneys provided by landlords, charitable groups,
25 government programs, the Bonneville power administration, or other
26 sources to pay the sponsor match.

27 (b) Moneys provided by a sponsor pursuant to requirements in this
28 section shall be in addition to and shall not supplant any funding for
29 low-income weatherization that would otherwise have been provided by
30 the sponsor or any other entity enumerated in (a) of this subsection.

31 (c) No proposal may require any contribution as a condition of
32 weatherization from any household whose residence is weatherized under
33 the proposal.

34 (d) Proposals shall provide that full levels of all cost-effective,
35 structurally feasible, sustainable residential weatherization
36 materials, measures, and practices, as determined by the department,
37 shall be installed when a low-income residence is weatherized.

1 (3)(a) The department may in its discretion accept, accept in part,
2 or reject proposals submitted. The department shall allocate funds
3 appropriated from the low-income weatherization assistance account
4 among proposals accepted or accepted in part so as to:

5 (i) Achieve the greatest possible expected monetary and energy
6 savings by low-income households and other energy consumers ((and))
7 over the longest period of time;

8 (ii) Identify and correct, to the extent practical, health and
9 safety problems for residents of low-income households, including
10 asbestos, lead, and mold hazards;

11 (iii) Create family-wage jobs that may lead to careers in the
12 construction trades or in the energy efficiency sectors; and

13 (iv) Leverage, to the extent feasible, environmentally friendly
14 sustainable technologies, practices, and designs.

15 (b) The department shall, to the extent feasible, ensure a balance
16 of participation in proportion to population among low-income
17 households for: ((+a)) (i) Geographic regions in the state; ((+b))
18 (ii) types of fuel used for heating, except that the department shall
19 encourage the use of energy efficient sustainable technologies; ((+c))
20 (iii) owner-occupied and rental residences; and ((+d)) (iv) single-
21 family and multifamily dwellings.

22 (c) The department shall give priority to weatherize dwelling units
23 occupied by low-income households with incomes at or below one hundred
24 twenty-five percent of the federally established poverty level.

25 (d) The department may allocate funds to a nonutility sponsor
26 without requiring a sponsor match if the department determines that
27 such an allocation is necessary to provide the greatest benefits to
28 low-income residents of the state.

29 (e) The department shall give priority to sponsors that commit to
30 use best efforts to achieve the standards outlined in section 103(2)
31 (a) through (c) of this act.

32 (4)(a) A sponsor may elect to: (i) Pay a sponsor match as a lump
33 sum at the time of weatherization, or (ii) make yearly payments to the
34 low-income weatherization assistance account over a period not to
35 exceed ten years. If a sponsor elects to make yearly payments, the
36 value of the payments shall not be less than the value of the lump sum
37 payment that would have been made under (a)(i) of this subsection.

1 (b) The department may permit a sponsor to meet its match
2 requirement in whole or in part through providing labor, materials, or
3 other in-kind expenditures.

4 (5) Programs receiving funding under this section must report to
5 the department every six months following the receipt of a grant
6 regarding the number of dwelling units weatherized, family-wage jobs
7 created or maintained, and state certified apprentices employed, with
8 the last report submitted six months after program completion. The
9 director shall verify the accuracy of these reports.

10 (6) The department shall adopt rules to carry out this section.

11 **Sec. 203.** RCW 70.164.050 and 1987 c 36 s 5 are each amended to
12 read as follows:

13 (1) The department is responsible for ensuring that sponsors and
14 weatherizing agencies comply with the state laws, the department's
15 rules, and the sponsor's proposal in carrying out proposals.

16 (2) Before a residence is weatherized, the department shall require
17 that an energy ((assessment)) audit be conducted.

18 (3) To the greatest extent practicable and allowable under federal
19 rules and regulations, the department shall maximize available federal
20 low-income home energy assistance program funding for weatherization
21 projects.

22 **Sec. 204.** RCW 70.164.060 and 1987 c 36 s 6 are each amended to
23 read as follows:

24 Before a leased or rented residence is weatherized, written
25 permission shall be obtained from the owner of the residence for the
26 weatherization. The department shall adopt rules to ensure that: (1)
27 The benefits of weatherization assistance ((in connection with a leased
28 or rented residence)), including utility bill reduction and
29 preservation of affordable housing stock, accrue primarily to low-
30 income tenants occupying a leased or rented residence; (2) as a result
31 of weatherization provided under this chapter, the rent on the
32 residence is not increased and the tenant is not evicted; and (3) as a
33 result of weatherization provided under this chapter, no undue or
34 excessive enhancement occurs in the value of the residence. This
35 section is in the public interest and any violation by a landlord of

1 the rules adopted under this section shall be an act in trade or
2 commerce violating chapter 19.86 RCW, the consumer protection act.

3 NEW SECTION. **Sec. 205.** A new section is added to chapter 70.164
4 RCW to read as follows:

5 (1) The department shall coordinate with the Washington State
6 University energy efficiency assistance program created in section 102
7 of this act in order to maximize the extension of weatherization
8 assistance across low-income and middle-income households. To the
9 greatest extent practicable and allowable under federal rules and
10 regulations, the department shall maximize available federal low-income
11 home energy assistance program funding for weatherization projects.

12 (2) The department may solicit proposals for low and middle-income
13 weatherization projects, if providing funding specifically for
14 additional projects. The department shall determine a priority ranking
15 system for determining the order of preference for projects for low-
16 income households.

17 NEW SECTION. **Sec. 206.** EXPEDITED LOW-INCOME HOUSEHOLD ENERGY
18 AUDIT PROGRAM GRANTS IN 2009. (1) The legislature finds that
19 conducting energy audits and performing efficiency improvements in low-
20 income households creates family-wage jobs and will stimulate local
21 economies where this work is conducted. Therefore, the legislature
22 directs that where appropriations are made to the low-income
23 weatherization assistance program as part of a federal economic
24 stimulus, the department of community, trade, and economic development
25 shall award grants as quickly as practical for maximum community
26 economic benefit within the parameters stipulated with the funding.

27 (2) By November 1, 2009, the department of community, trade, and
28 economic development shall report to the appropriate fiscal and policy
29 committees in the senate and house of representatives on the status of
30 grant awards under this section. The report may be combined with that
31 made by the director of the energy efficiency assistance program under
32 section 104 of this act.

33 **PART 3**

34 **Consolidation of Weatherization Programs**

1 NEW SECTION. **Sec. 301.** It is the intent of the legislature that
2 all state administered building weatherization programs are conducted
3 to provide the greatest efficiency in terms of administrative
4 processes, economies of scale, institutional memory, and institutional
5 competence. The legislature also intends by this act to expand state
6 administered building weatherization programs to provide services not
7 only to low-income residents in the state, but also to middle-income
8 residences, farms, commercial buildings, public buildings, public
9 agencies, and other institutions.

10 NEW SECTION. **Sec. 302.** (1) The department of community, trade,
11 and economic development and the Washington State University energy
12 extension program shall review:

13 (a) Low-income weatherization programs, as authorized under chapter
14 70.164 RCW, weatherization, weatherization services, and energy
15 efficiency programs administered by the state;

16 (b) The low-income energy assistance program funded by the federal
17 government pursuant to the federal low-income energy assistance act
18 (Title 42 U.S.C. 8623 et seq.);

19 (c) Weatherization and energy efficiency programs funded by private
20 entities, utilities, the federal government, and other entities; and

21 (d) Administrative and overhead costs incurred by weatherization
22 and energy efficiency programs.

23 (2) By July 1, 2010, the department of community, trade, and
24 economic development and the Washington State University energy
25 extension program shall provide to the governor and the appropriate
26 committees of the legislature a report with findings from the review
27 required in subsection (1) of this section and recommendations for the
28 coordination of the state's energy efficiency and weatherization
29 programs, including the low-income energy assistance and low-income
30 weatherization programs under chapter 70.164 RCW and the weatherization
31 program created in section 102 of this act.

32 (a) The recommendations must include:

33 (i) Identification of best practices and opportunities to
34 consolidate and create efficiencies and economies of scale;

35 (ii) Identification of legislative action necessary to maximize the
36 state's receipt of funding for weatherization and energy efficiency
37 purposes; and

1 (iii) Identification of methods to minimize costs through
2 coordination and potential consolidation of programs.

3 (b) If the report finds that administrative efficiencies may best
4 be achieved by the transition of functions from one state agency or
5 entity to another, then the recommendations must also include:

6 (i) Identification of statutory changes necessary to ensure an
7 expeditious and efficient transition with the least programmatic
8 disruption; and

9 (ii) A timeline for the process that includes methods to phase and
10 synchronize the transition of administrative procedures, records,
11 files, and staff in accordance with the goals and intent of this
12 section and section 301 of this act.

13 **PART 4**

14 **Training Programs for Energy Efficiency Jobs**

15 NEW SECTION. **Sec. 401.** WORKFORCE TRAINING FOR THE PERFORMANCE OF
16 ENERGY AUDITS AND RETROFITS. (1) The legislature finds that it is in
17 the interest of building owners, building residents, and the state that
18 energy audits and energy efficiency services be performed in a manner
19 that is both consistent with current best practices and that provides
20 increased occupational skills, education, and training to workers in
21 the state. The director, in collaboration with the board, the
22 workforce training and education coordinating board, the employment
23 security department, the Washington state building and construction
24 trades council, the Washington state apprenticeship and training
25 council, and the office of the superintendent of public instruction,
26 shall identify the necessary skills and qualifications required to
27 perform the energy audits and energy efficiency services authorized
28 under this act.

29 (2) The board shall work with the Washington state apprenticeship
30 and training council and the office of the superintendent of public
31 instruction, to jointly develop, by June 30, 2010, curricula and
32 training programs, to include on-the-job training, classroom training,
33 and safety and health training, for the development of the skills and
34 qualifications identified by the director under subsection (1) of this
35 section.

1 (3) Training resource moneys may be provided from the account for
2 the following purposes:

3 (a) To develop and deploy curricula and training programs in
4 accordance with subsection (2) of this section;

5 (b) For the expansion of existing high school, community and
6 technical college, journey level skills improvement and apprenticeship
7 training programs, and community-based training programs providing
8 energy audit and energy efficiency services training;

9 (c) For the implementation of new training programs developed under
10 the terms of this chapter;

11 (d) To supplement internship, preapprenticeship, and apprenticeship
12 programs using curricula developed under subsection (2) of this
13 section; and

14 (e) For other training activities identified by the director to
15 supplement and expand the skills of the existing workforce.

16 (4) The director shall direct the delivery of education and
17 training resource moneys as necessary to meet demands for jobs, giving
18 priority in distribution of training resource moneys to those
19 educational programs that can provide convincing evidence that they are
20 able to provide the requisite skills education and training
21 expeditiously.

22 (5) The board shall target a portion of any federal stimulus
23 funding received to ensure commensurate capacity for high employer
24 demand programs of study developed under this section. To that end,
25 the director must coordinate with the workforce training and education
26 coordinating board, the state board for community and technical
27 colleges, or other appropriate state agency in the application for and
28 receipt of such funding that may be made available through the federal
29 youthbuild program, workforce investment act, job corps, or other
30 relevant federal programs.

31 (6) The Washington apprenticeship and training council shall
32 evaluate the potential of existing apprenticeship and training programs
33 that would produce workers with the skills needed to conduct energy
34 audits and provide energy efficiency services and deliver their
35 findings to the director and the appropriate committees of the
36 legislature as soon as possible, but no later than January 18, 2010.

37 (7) The director shall direct funding to programs that provide
38 skills education and training services to underserved and disadvantaged

1 communities in the state, in accordance with RCW 43.330.310. This may
2 include, but is not limited to, at-risk youth seeking employment
3 pathways out of poverty and into economic self-sufficiency. The
4 director shall consult with the employment security department to
5 create a strategy to ensure that the workers who receive training under
6 these programs are provided with the type of employment opportunities
7 contemplated by this chapter.

8 (8) The board shall provide an interim report to the appropriate
9 committees of the legislature by December 1, 2011, and a final report
10 by December 1, 2013, detailing the effectiveness of, and any
11 recommendations for improving, the worker training curricula and
12 programs established in this section.

13 NEW SECTION. **Sec. 402.** UNEMPLOYED WORKERS. Community and
14 technical colleges that enroll unemployed workers into the relevant
15 curricula and training programs indicated in this act shall receive
16 funding as indicated in section 2, chapter . . ., Laws of 2009 (section
17 2 of Engrossed Second Substitute Senate Bill No. 5809).

18 NEW SECTION. **Sec. 403.** DESIGNATION OF WORKFORCE TRAINING PROGRAMS
19 FOR THE PERFORMANCE OF ENERGY AUDITS AND RETROFITS. (1) Existing
20 curricula and training programs or programs provided by community and
21 technical colleges in the state developed under section 401 of this act
22 must be recognized as programs of study under RCW 28B.50.273.

23 (2) Subject to available funding, the board may grant enrollment
24 priority to persons who qualify for waiver under RCW 28B.15.522 and who
25 enroll in curricula and training programs provided by community or
26 technical colleges in the state that have been developed in accordance
27 with section 401 of this act.

28 **PART 5**

29 **Energy Efficiency in Publicly Funded Housing**

30 NEW SECTION. **Sec. 501.** A new section is added to chapter 43.185
31 RCW to read as follows:

32 ENERGY AUDITS AND RETROFITS IN PUBLICLY FUNDED HOUSING. (1) The
33 legislature finds that growing preservation and rehabilitation needs in
34 the housing trust fund property portfolio provide opportunities to

1 advance energy efficiency and weatherization efforts for low-income
2 individuals in Washington state while protecting the state's six
3 hundred million dollars in affordable housing investments.
4 Preservation of existing affordable housing, when done in conjunction
5 with weatherization activities, is a cost-effective, prudent, and
6 environmentally friendly strategy to ensure that low-income housing
7 remains durable, safe, and affordable. Therefore, the legislature
8 intends that where federal funds are available for increasing and
9 improving energy efficiency of low-income housing that these funds
10 shall be utilized, subject to federal requirements, for energy audits
11 and implementing energy efficiency measures in the state housing trust
12 fund real estate portfolio.

13 (2) The department shall review all housing properties in the
14 housing trust fund real estate portfolio and identify those in need of
15 major renovation or rehabilitation. In its review, the department
16 shall survey property owners for information including, but not limited
17 to, the age of the building and the type of heating, cooling, plumbing,
18 and electrical systems contained in the property. The department shall
19 prioritize all renovation or rehabilitation projects identified in the
20 review by the department's ability to:

21 (a) Achieve the greatest possible expected monetary and energy
22 savings by low-income households and other energy consumers over the
23 greatest period of time;

24 (b) Promote the greatest possible health and safety improvements
25 for residents of low-income households; and

26 (c) Leverage, to the extent feasible, technologically advanced and
27 environmentally friendly sustainable technologies, practices, and
28 designs.

29 (3) Subject to the availability of amounts appropriated for this
30 specific purpose, the department shall use the prioritization of
31 potential energy efficiency needs and opportunities in subsection (2)
32 of this section to make offers of energy audit services to project
33 owners and operators. The department shall use all practicable means
34 to achieve the completion of energy audits in at least twenty-five
35 percent of the properties in its portfolio that exceed twenty-five
36 years in age, by June 30, 2011. Where the energy audits identify cost-
37 effective weatherization and other energy efficiency measures, the
38 department shall accord a priority within appropriated funding levels

1 to include funding for energy efficiency improvements when the
2 department allocates funding for renovation or rehabilitation of the
3 property.

4 **PART 6**

5 **Miscellaneous**

6 NEW SECTION. **Sec. 601.** Sections 101 through 110 and 401 through
7 403 of this act constitute a new chapter in Title 70 RCW.

8 NEW SECTION. **Sec. 602.** Captions and part headings used in this
9 act are not any part of the law.

10 NEW SECTION. **Sec. 603.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

14 NEW SECTION. **Sec. 604.** This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and takes effect
17 immediately.

18 NEW SECTION. **Sec. 605.** The governor shall designate a person as
19 the single point of accountability for all energy and climate change
20 initiatives within state agencies. All agencies, councils, or work
21 groups with energy or climate change initiatives shall coordinate with
22 this designee."

23 Correct the title.

EFFECT: Removes the \$500,000 per year limitation on funding for
technical assistance and training. Changes the definition of "middle
income" for purposes of eligibility for the energy efficiency
assistance program at Washington State University (WSU).

Requires sponsors applying for a grant from WSU to provide
convincing evidence that: (1) Family wages will be paid for energy

efficiency services; (2) the jobs being performed could lead to careers in the construction trades or the energy efficiency sector; (3) the sponsor plans to employ workers trained in the applicable workforce training programs, to the extent feasible; and (4) only responsible and reputable contractors with satisfactory compliance records will be used.

Requires WSU to provide a preference to sponsors that: (1) Propose projects that are designed to achieve the greatest scope and economies of scale in providing energy efficiency services; and (2) feature utilization of a hiring and workforce development program with entities that recruit disadvantaged workers, operate workers skills training and education programs, and place disadvantaged workers in sustained employment.

Provides a preference for sponsors that allocate a certain percentage of their construction work hours to work performed by state certified apprentices, first period apprentices, disadvantaged workers who reside in the area, recently separated veterans, or members of the national guard.

Requires WSU to develop performance metrics for each grant recipient. Specifies several performance metrics.

Makes technical changes to the definition of "low income" and "sustainable weatherization" for purposes of the low-income residential weatherization program. Adds a definition of "family-wage" and "low-income individual" that applies to the energy efficiency assistance program at WSU.

Adds creation of family-wage jobs as a criterion for how the department of community, trade, and economic development may allocate funds through the low-income weatherization assistance account.

Directs the governor to designate a person as the single point of accountability for all energy and climate change initiatives within state agencies. Requires all agencies, councils, or work groups with energy or climate change initiatives to coordinate with this designee.

Specifies that the director of the Energy Efficiency Assistance Program at Washington State University must approve any financing mechanisms offered by local municipalities that receive federal Energy Efficiency and Conservation Block Grant (EECBG) Program funding. Specifies that any financing mechanisms offered by local municipalities receiving EECBG Program funding must conform with applicable state and federal regulations.

Specifies that the director of the Energy Efficiency Assistance Program at Washington State University may only retain up to five percent of any program funds provided by the federal government.

Makes technical corrections.

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