
Environment & Energy Committee

HB 1125

Brief Description: Incentivizing investment in energy conservation and efficiency measures and expanding opportunities for energy rate discounts to, among other objectives, reduce the energy burden of low-income customers and vulnerable populations.

Sponsors: Representatives Shewmake, Fitzgibbon, Ryu, Leavitt, Valdez, Fey, Macri and Pollet.

Brief Summary of Bill

- Requires the Utilities and Transportation Commission to allow an electrical or natural gas company to invest in programs that achieve energy conservation and improve the efficiency of energy end-use in single-family and multifamily rental housing.
- Authorizes an electrical company to provide discounts to reduce the energy burden of low-income or vulnerable populations and to ensure that the benefits of the transition to clean energy are equitably distributed.

Hearing Date: 1/21/21

Staff: Nikkole Hughes (786-7156).

Background:

Energy Assistance Under the Clean Energy Transformation Act.

Under the Clean Energy Transformation Act (CETA), each 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 an energy assistance needs assessment. To the extent practicable, priority must be given to low-income households

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with a higher energy burden.

Beginning July 31, 2020, the Department of Commerce (Department) must collect and aggregate data estimating the energy burden, 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. 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.

A consumer-owned utility may enter into an agreement with a public university, community-based organization, or joint operating agency to aggregate the disclosures required under the CETA.

Under the CETA, "energy assistance" includes, but is not limited to, weatherization, conservation and efficiency services, and monetary assistance intended to lower a household's energy burden. "Energy assistance" may also include direct customer ownership of distributed energy resources or other strategies if such strategies achieve a reduction in energy burden for the customer above other available conservation and demand-side measures.

Definitions.

"Energy burden" means the share of annual household income used to pay annual home energy bills.

"Highly impacted communities" means a community designated by the Department of Health based on cumulative impact analyses or a community located in census tracts that are fully or partially on "Indian county" as defined in 18 U.S.C. Sec. 1151.

"Low-income" means household incomes as defined by the Department of Utilities and Transportation Commission, provided that the definition may not exceed the higher of 80 percent of area median household income or 200 percent of the federal poverty level, adjusted for household size.

"Vulnerable populations" means communities that experience a disproportionate cumulative risk from environmental burdens due to:

- adverse socioeconomic factors, including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and
- sensitivity factors, such as low birth weight and higher rates of hospitalization.

Summary of Bill:

Investor-Owned Utility Rental Housing Programs.

The Utilities and Transportation Commission (UTC) must allow an electrical or natural gas

company to invest in programs that achieve energy conservation and improve the efficiency of energy end-use in single-family and multifamily rental housing in lieu of requiring a contribution from the premises owner to finance measures that would be cost-effective in the aggregate. The UTC must allow the company to earn a return on cost-effective investments over a duration of time that reduces the customer's energy burden and minimizes the investment's impact on the customer's bill, while providing a return on equity that incentivizes the company to make such an investment.

The electrical or natural gas company must prioritize investments in single-family and multifamily rental housing to reduce the energy burden of low-income customers, vulnerable populations, and customers in highly impacted communities while meeting the customer's comfort and productivity needs.

Investments in rental housing energy conservation programs must be secured through the meter and recovered through the regular billing paid by the tenant, including any successor tenant, or owner of the premises. If the bill is paid by the premises' owner, the company's investment must be recovered pursuant to a site-specific services agreement. The investment must be recovered as any other energy charge, including being subject to collection, until the authorized return on the investment has been fully recovered. An investment made under this authority must be designated as an "energy savings charge" as a line-item on the regular customer billing.

At least 30 days prior to the commencement of work to install conservation measures at the premises, the premises' owner shall notify a tenant of the owner's authorization for an electrical or gas company to install conservation measures at the premises inhabited by the tenant under a financial arrangement. The notice must include a description of the work to be performed and the expected benefits of the conservation measures.

Discounts for Low-Income and Vulnerable Populations.

An electrical company may provide discounts to reduce the energy burden of low-income or vulnerable populations and to ensure that the benefits of the transition to clean energy are equitably distributed, as required under the Clean Energy Transformation Act.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.