

SENATE BILL REPORT

2SHB 1391

As of March 24, 2023

Title: An act relating to energy in buildings.

Brief Description: Concerning energy in buildings.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Ramel, Doglio, Duerr, Berry, Pollet and Reed).

Brief History: Passed House: 2/28/23, 56-41.

Committee Activity: Environment, Energy & Technology: 3/22/23, 3/24/23.

Brief Summary of Bill

- Directs the Department of Commerce to contract with an administrator to establish a Statewide Building Energy Upgrade Navigator Program by March 1, 2024, to provide outreach, and deliver energy services to residential building owners and renters and owners of commercial buildings under 20,000 square feet.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Gregory Vogel (786-7413)

Background: State Energy Strategy. State law declares that a successful state energy strategy balances three goals:

- maintaining competitive energy prices that are fair and reasonable for consumers and businesses and support the state's continued economic success;
- increasing competitiveness by fostering a clean energy economy and jobs through business and workforce development; and
- meeting the state's obligations to reduce greenhouse gas (GHG) emissions.

To meet those goals, state law lays out nine principles to guide strategy development and

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implementation.

The Department of Commerce (Commerce) is charged with periodically reviewing the state energy strategy with the guidance of an advisory committee.

In 2019, the Legislature directed Commerce to review the state energy strategy to align it with the requirements of the Energy Independence Act, the Clean Energy Transformation Act and the state's GHG emission reduction limits. Commerce published the updated state energy strategy in 2021.

State Energy Code. The State Energy Code (Energy Code) is part of the State Building Code, which sets the minimum construction requirements for buildings in the state. The Energy Code establishes minimum energy efficiency requirements for residential and nonresidential buildings.

The State Building Code Council (Council) reviews, updates, and adopts model state building codes every three years. The Council must adopt codes that require buildings constructed from 2013 through 2031 to move incrementally toward a 70 percent reduction in energy use by 2031.

Commerce must develop and implement a strategic plan to enhance energy efficiency in and reduce GHG emissions from homes, buildings, districts, and neighborhoods. This strategic plan must be used to help direct future Energy Code changes.

Summary of Bill: Statewide Building Energy Upgrade Navigator Program. Commerce must establish a Statewide Building Energy Upgrade Navigator Program (Navigator Program) to help building owners access electrification and energy efficiency services and funding, and to reduce GHG emissions, create jobs and business opportunities, and develop the building sector workforce. The Navigator Program must be administered consistent with programs and funding authorized under the federal Inflation Reduction Act and the federal Infrastructure Investment and Jobs Act. Nothing about the Navigator Program may supplant energy efficiency programs administered by energy utilities.

Commerce must coordinate and collaborate with the Washington State University Extension Energy Program, and may consult with others, on the design, administration, and implementation of the Navigator Program.

By March 1, 2024, Commerce must contract with one or more administrators to run the Navigator Program. The administrator may be an entity including a nonprofit organization or community organization, but may not be an energy utility. Administrator contracts may not exceed five years and contracts must include performance metrics.

Outreach and Energy Services Requirements for the Navigator Program's Administrator. The administrator must prioritize education and outreach to customers on navigating

through relevant funding opportunities and leverage existing energy utility programs.

Striving to serve all regions of the state, the administrator must provide outreach and deliver energy services to:

- residential building owners and renters;
- owners of commercial buildings under 20,000 square feet; and
- owners and occupants of single-family and multifamily dwellings.

The administrator must:

- support energy efficient and emissions reductions alternatives for buildings that use all types of fuel;
- develop strategies to ensure that the Navigator Program prioritizes services to low-income households, vulnerable populations, and overburdened communities, including tribal communities, and consider energy decarbonization pathways of the Utilities and Transportation Commission's natural gas decarbonization study;
- support the integrated implementation of all relevant energy utility energy efficiency programs, any available community programs, and all clean building programs funded by the state; and
- 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 are committed to meeting any training requirements or other provisions required by the administrator or recommended by the Technical Advisory Group (TAG). The administrator must conduct targeted outreach and coordinate with the Office of Minority and Women's Business Enterprises.

The administrator must provide the following outreach services:

- create and maintain updated and educational marketing materials, to include advice about all funds and financial assistance available from federal, state, local, and energy utility programs;
- provide scientific and industry-accepted strategies for energy and electrification upgrades through information programs, planning tools, and technical support where possible;
- assist with performing or accessing energy audits; and
- provide outreach in coordination with local utilities in collaboration with Commerce's programs to reach and serve underserved communities.

Energy audits are assessments of building energy efficiency and fossil fuel reduction opportunities, including replacing appliances and equipment that do not use fossil fuels. Energy audits must provide recommendations on improvements including weatherization, electric appliance conversions or upgrades, electrification, information on the availability of smart meter technology provided by utilities, solar photovoltaic panels, battery storage and other on-site renewable energy, electric vehicle charging, and smart thermostats.

The administrator must assist with the following energy services:

- electrification, including energy audits, and evaluations of on-site renewable energy, heat pumps and heat pump water heaters, efficient electric appliances, and electric vehicle charging;
- energy efficiency, meaning energy audits, weatherization, energy efficiency retrofits, energy management systems, and smart metering;
- arranging and securing financing, program design and development, and other post-energy audit assistance and education to help customers meet energy savings goals;
- finding and accessing qualified energy contractors to implement energy audits; and
- recommendations for programs based on income eligibility.

The administrator may directly administer program incentives and rebates as directed by Commerce, and develop a database portal to identify and track the location of services provided, customer interactions, and performance metrics.

The administrator may not provide any assistance for projects that include installing new natural gas or other fossil fuel appliances.

Reporting. Every even-numbered year on September 1st, Commerce must report on the implementation of the Navigator Program to the Legislature. The report must include detail on specific performance metrics, as well as recommendations for additional energy programs for customers.

Performance metrics must include:

- monetary, GHG, and energy savings achieved;
- savings to investment ratio achieved for customers;
- wage levels of jobs created;
- use of state registered preapprentice and apprenticeship programs;
- efficiency and speed of service delivery;
- public health benefits, including air quality improvements and increased access to cooling; and
- reduction of energy burdens for low-income and moderate-income residents.

Technical Advisory Group. By December 1, 2023, Commerce must convene a TAG to provide ongoing guidance to the Navigator Program. The TAG must provide recommendations for the program on how to improve and grow, address gaps in program design and implementation, address split incentives, incorporate the Department of Health's environmental health disparities mapping tool, workforce development, contractor needs, and needed training curriculum. The TAG may recommend expanding the size of projects to buildings larger than 20,000 square feet, including schools, which could be paired with consolidated labor standards.

The TAG members must be appointed by Commerce, and Commerce must strive to

represent the geographical diversity of the state in its appointments. Membership must consist of the following members, with specifications:

- seven members representing low-income and overburdened communities;
- three members representing labor and workforce;
- three members representing industry;
- two members representing utilities; and
- three members representing the environment.

To assist the TAG, the administrator 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. In consultation with this evaluation, the TAG must make recommendations about how to ensure that projects supported by the Navigator Program pay workers at least the prevailing wage and ensure there is a path for small business and minority and women-owned contractors to comply with the Navigator Program.

By December 1st of every year, the TAG must provide an implementation progress report on the Navigator Program to the Legislature.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Fossil fuel use in our buildings is one of our biggest challenges as we face the climate crisis. We have the tools and technology available, we know how to implement heat pumps, integrate solar panels, and insulation. The federal government has put forth resources under the Inflation Reduction Act, and Washington State is looking to put resources towards these efforts in the coming years.

These different programs present a particular challenge, where it can be difficult for residents and owners to find out if they qualify for a program. The purpose of this legislation is to make this really easy, to help people find out the smartest way to upgrade energy improvements. Over time, the program will have people talking to each other to figure out gaps in the system. The program will provide feedback on a regular basis on the best use of state resources.

The program will address huge need and opportunity to connect programs at the state, federal, and utility level. The relatively modest costs to establish the program will pay dividends for the funding that people will be able to access. We are excited about navigator's capacity for outreach to underserved communities. Local, diverse clean energy

work force development is also a great aspect of the program.

CON: The bill explicitly discriminates against certain energy consumers who will be denied assistance, because it does not allow the use of fossil fuels and natural gas, despite billions of dollars being available for these energy services. The bill also duplicates the work that utilities are already doing.

OTHER: With funding at multiple levels, it can be difficult for building owners to figure out which programs they qualify for. The bill provides a one-stop approach for building upgrades. Creating a single place for access, in addition to technical assistance, will create clarity across the building sector. There might be merit to helping customers weigh through vast programs available, but we are opposed to the types of projects available. There are strings that don't exist in federal parameters.

Persons Testifying: PRO: Tony Usibell; Rachel Koller, Shift Zero; Megan Larkin, Climate Solutions; Emily Kubiak, Sustainable Connections; Andrew Vander Stoep, Ibew 191.

CON: Dan Kirschner, Northwest Gas Association; Charlie Brown, NW Natural and Cascade Natural Gas.

OTHER: Liz Reichart, WA Department of Commerce; John Rothlin, Avista; Kathleen Collins, PacifiCorp.

Persons Signed In To Testify But Not Testifying: No one.