
SECOND SUBSTITUTE HOUSE BILL 1391

State of Washington

68th Legislature

2023 Regular Session

By House Appropriations (originally sponsored by Representatives Ramel, Doglio, Duerr, Berry, Pollet, and Reed)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to energy in buildings; amending RCW 70A.50.010;
2 adding new sections to chapter 70A.50 RCW; and creating new sections.

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

4 NEW SECTION. **Sec. 1.** The legislature recognizes the findings in
5 the 2021 state energy strategy, which reports that improving the
6 energy efficiency of buildings is the most cost-effective means to
7 meet the state's emissions and energy goals for buildings. While
8 there have been significant energy efficiency savings achieved in the
9 state over the past four decades, there remains enormous potential to
10 achieve even greater savings in existing buildings. Increasing access
11 to energy efficiency improvements, such as weatherization measures
12 and installation of highly efficient electric appliances, in
13 residential and nonresidential buildings achieves many benefits
14 including reducing energy bills, avoiding the need for new
15 electricity generating facilities and electricity transmission, and
16 creating living wage jobs.

17 The legislature also recognizes the 2021 state energy strategy's
18 electrification scenario findings that the amount of fossil natural
19 gas delivered to buildings must be reduced by 90 percent from 2020 to
20 2050 to meet the state's emissions limits. The electrification
21 scenario indicates substantial near-term and long-term benefits from

1 energy reduction measures in buildings. This points to the value of
2 early and aggressive action to improve energy efficiency, including
3 electrification and other efficiency measures in buildings.
4 Implementing multiple measures simultaneously in each building and
5 achieving a high level of market penetrations will achieve economies
6 of scale and help lower costs of energy upgrades.

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

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

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

30 By leveraging state resources available through the climate
31 commitment act, the legislature intends to rapidly leverage the
32 various funding streams created in the federal inflation reduction
33 act and the federal infrastructure investment and jobs act and ensure
34 that our state has projects ready and optimizes all available federal
35 resources. Washington's approach to this work will ensure that low-
36 income and moderate-income Washingtonians can fully benefit from
37 federal investment.

38 **Sec. 2.** RCW 70A.50.010 and 2020 c 20 s 1410 are each amended to
39 read as follows:

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

3 (1) "Administrator" means an entity including, but not limited
4 to, a nonprofit corporation or community-based organization. An
5 administrator may not be an energy utility.

6 (2) "Customers" means residents, businesses, and building owners.

7 ~~((2))~~ (3) "Department" means the department of commerce.

8 (4) "Direct outreach" means:

9 (a) ~~((The))~~ Outreach including, but not limited to, the use of
10 door-to-door contact, community events, online advertising, vendor
11 promotions, and other methods of direct interaction with customers to
12 inform them of energy efficiency and weatherization opportunities in
13 coordination with local utilities; and

14 (b) The performance of energy audits.

15 ~~((3))~~ (5) "Electrification services" includes:

16 (a) Energy audits;

17 (b) Evaluations of on-site renewable energy, heat pumps and heat
18 pump water heaters, efficient electric appliances, and electric
19 vehicle charging; and

20 (c) Assistance with paperwork, arranging for financing, program
21 design and development, and other postenergy audit assistance and
22 education to help customers meet their energy savings goals.

23 (6) "Energy audit" means an assessment of building energy
24 efficiency and fossil fuel reduction opportunities, from measures
25 that require very little investment and without any disruption to
26 building operation, normally involving general building operational
27 measures, to low or relatively higher cost investment, such as
28 installing timers to turn off equipment, replacing light bulbs,
29 installing insulation, replacing equipment and appliances with higher
30 efficiency equipment and appliances or appliances and equipment that
31 do not use fossil fuels, and similar measures. The term includes an
32 assessment of alternatives for generation of heat and power from
33 renewable energy resources, including but not limited to installation
34 of solar water heating and equipment for photovoltaic electricity
35 generation and storage.

36 ~~((4))~~ (7) "Energy efficiency and conservation block grant
37 program" means the federal program created under the energy
38 independence and security act of 2007 (P.L. 110-140).

39 ~~((5))~~ (8) "Energy efficiency services" means energy audits,
40 ~~((weatherization,))~~ energy efficiency retrofits, energy management

1 systems as defined in RCW 39.35.030, smart metering, and other
2 activities to reduce a customer's energy consumption, and includes
3 assistance with paperwork, arranging for financing, program design
4 and development, and other postenergy audit assistance and education
5 to help customers meet their energy savings goals.

6 ~~((+6))~~ (9) "Energy services" means electrification services and
7 energy efficiency services.

8 (10) "Low-income ((individual))" means ((an individual whose
9 annual)) household income ((does)) as defined by the department,
10 provided that the definition may not exceed ((eighty)) 80 percent of
11 ((the area)) median household income ((for the metropolitan,
12 micropolitan, or combined statistical area in which that individual
13 resides as determined annually by the United States department of
14 housing and urban development)) adjusted for household size, for the
15 county in which the dwelling unit is located.

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

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

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

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

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

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

38 ~~((+7))~~ (12) "Sponsor" means any entity or group of entities that
39 submits a proposal under RCW 70A.50.020, including but not limited to
40 any nongovernmental nonprofit organization, local community action

1 agency, tribal nation, community service agency, public service
2 company, county, municipality, publicly owned electric, or natural
3 gas utility.

4 ~~((+8))~~ (13) "Sponsor match" means the share, if any, of the cost
5 of efficiency improvements to be paid by the sponsor.

6 ~~((+9))~~ (14) "Weatherization" means ~~((making energy and resource
7 conservation and energy efficiency improvements))~~ activities that
8 achieve one or more of the following: (a) Energy and resource
9 conservation; (b) energy efficiency improvements; (c) repairs, indoor
10 air quality improvements, and health and safety improvements; and (d)
11 client education.

12 NEW SECTION. **Sec. 3.** A new section is added to chapter 70A.50
13 RCW to read as follows:

14 (1)(a) The department is authorized to establish and oversee a
15 statewide building energy upgrade navigator program. The purpose of
16 the navigator program is to provide a statewide resource to assist
17 building owners and renters with accessing electrification services
18 and energy efficiency services, funding, and any other assistance
19 that will result in the reduction of greenhouse gas emissions, job
20 creation, business opportunities, and workforce development in the
21 building sector.

22 (b) The department must coordinate and collaborate with the
23 Washington State University extension energy program on the design,
24 administration, and implementation of the navigator program.

25 (c) The department may consult with other programs, entities, and
26 stakeholders, including energy utilities, as the department
27 determines to be appropriate on the design, administration, and
28 implementation of the navigator program.

29 (2)(a) The department must contract with an administrator or
30 administrators to implement the navigator program on behalf of the
31 state. The administrator or administrators must be selected through a
32 competitive process, and contracts may not exceed five years in
33 duration. The administrator contracts may be funded with any eligible
34 funds for such purpose, including state and federal dollars.

35 (b) The department must ensure the requirements of the navigator
36 program are being met through the contract terms with the
37 administrator or administrators. The department must include
38 performance metrics in any administrator's contract that are
39 sufficient to allow the department, the legislature, and the

1 technical advisory group established in section 4 of this act to
2 evaluate the energy savings, greenhouse gas emissions reductions,
3 consumer cost savings, wage and employment impacts, including
4 opportunities for minority and women-owned businesses, services
5 delivered to low-income and overburdened communities, nonenergy
6 benefits, and customer satisfaction resulting from the
7 administrator's operation of the navigator program.

8 (c) The department must enter into a contract with an
9 administrator or administrators by March 1, 2024. The legislature
10 intends for the administrator or administrators to begin providing as
11 many of the services outlined in this section as possible immediately
12 and recognizes that it may take more time for some services to be
13 provided than others. Therefore, the administrator or administrators
14 must first focus on providing clear education and community outreach
15 to customers on navigating through relevant funding opportunities and
16 leverage existing energy utility programs.

17 (3) The administrator or administrators of the navigator program
18 must align this program with programs and funding authorized under
19 the federal inflation reduction act and the federal infrastructure
20 investment and jobs act and, to the extent consistent with such
21 alignment:

22 (a) Provide outreach and deliver energy services to: (i)
23 Residential building owners and renters; (ii) owners of commercial
24 buildings under 20,000 square feet; and (iii) owners and occupants of
25 single-family and multifamily dwellings;

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

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

29 (d) Develop strategies to ensure that the navigator program
30 prioritizes services to low-income households, vulnerable
31 populations, and overburdened communities identified by the
32 department, including tribal communities, and consider the energy
33 decarbonization pathways examination of the natural gas
34 decarbonization study conducted by the utilities and transportation
35 commission as required by chapter 334, Laws of 2021. Strategies may
36 include dedicating a portion of the navigator program funding for
37 these prioritized services;

38 (e) Support the integrated implementation of all relevant energy
39 utility energy efficiency programs, any available community programs,

1 and all relevant clean buildings programs funded in any state budget
2 including, but not limited to, the following programs:

3 (i) High efficiency electric home rebate program, as described in
4 chapter (House Bill No. (the omnibus capital
5 appropriations act)), Laws of 2023;

6 (ii) Energy burden reduction grant program using the existing
7 network of the federal low-income home energy assistance program to
8 provide low-income households with energy utility bill assistance, as
9 described in chapter (House Bill No. (the omnibus
10 operating appropriations act)), Laws of 2023;

11 (iii) Weatherization plus health program, as described in
12 chapter (House Bill No. (the omnibus capital
13 appropriations act)), Laws of 2023; and

14 (iv) Inflation reduction act home owner managing energy savings
15 rebate program, as described in chapter (House Bill
16 No. (the omnibus capital appropriations act)), Laws of
17 2023; and

18 (f) Develop a contractor network to assist with finding and
19 accessing qualified energy contractors for customers as outlined in
20 subsection (5)(a) of this section and coordinate with existing energy
21 utility contractor network programs. The contractor network must
22 consist of contractors that, at a minimum, have met or are committed
23 to meeting any training requirements or other qualifying provisions
24 required by the administrator or recommended by the technical
25 advisory group established in section 4 of this act. The
26 administrator must conduct targeted outreach, and coordinate with the
27 office of minority and women's business enterprises as created in RCW
28 39.19.030, to ensure the contractor network consists of a diversity
29 of contractors across the state.

30 (4) The outreach to customers as required in subsection (3) of
31 this section must include:

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

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

1 (c) Assistance with performing or accessing energy audits to
2 provide recommendations to customers on a wide range of cost-
3 effective energy and health improvements where relevant including,
4 but not limited to:

5 (i) Weatherization, including adding insulation, sealing cracks,
6 and making other changes that reduce heat loss, save money on heating
7 bills, and improve the health and safety of buildings;

8 (ii) Electric appliance conversions or upgrades;

9 (iii) Electrification, including installation of space heat
10 pumps, heat pump hot water heaters, and electric panel upgrades and
11 wiring;

12 (iv) Information regarding the availability of smart meter
13 technology provided by electric utilities;

14 (v) Solar photovoltaic panels, battery storage, and other on-site
15 sources of renewable energy;

16 (vi) Electric vehicle charging; and

17 (vii) Smart thermostats; and

18 (d) Providing community outreach in collaboration with the
19 department's programs and energy utility programs to reach and serve
20 underserved communities.

21 (5) The energy services for customers as required in subsection
22 (3) of this section must include:

23 (a) Assistance with finding and accessing qualified energy
24 contractors to implement energy audit recommendations;

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

29 (c) Assistance with securing financing.

30 (6) To assist the technical advisory group established in section
31 4 of this act, the administrator must convene labor representatives,
32 participating contractors, and other stakeholders, to evaluate
33 whether and how a workforce agreement could streamline project
34 implementation where multiple funding sources have various program
35 reporting requirements.

36 (7) The administrator may directly administer incentives and
37 rebates for programs as directed by the department.

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

1 (9) The administrator may develop a database portal to identify
2 and track:

3 (a) The geographic location of services provided;

4 (b) Customer interactions; and

5 (c) Performance metrics for work completed.

6 (10) The department must report to the legislature on the
7 implementation of the statewide building energy upgrade navigator
8 program.

9 (a) The report must include detail on the following performance
10 metrics:

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

12 (ii) Savings to investment ratio achieved for customers;

13 (iii) Wage levels of jobs created;

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

16 (v) Efficiency and speed of delivery of services;

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

20 (vii) Reduction of energy burdens for low-income and moderate-
21 income residents.

22 (b) The report must include recommendations for additional energy
23 efficiency, electrification, and distributed energy programs for
24 customers to: (i) Maximize deployment of energy efficiency services;
25 (ii) achieve higher rates of penetration and economies of scale
26 related to implementing multiple measures simultaneously; and (iii)
27 close gaps in funding and services that restrict access for low-
28 income and moderate-income residents.

29 (c) The department's report to the legislature is due by
30 September 1st of even-numbered years.

31 (11) Nothing in this section may supplant energy efficiency
32 programs administered by energy utilities.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 70A.50
34 RCW to read as follows:

35 (1) The department must convene a technical advisory group by
36 December 1, 2023, to provide ongoing guidance to the statewide
37 building energy upgrade navigator program established in section 3 of
38 this act. The technical advisory group's guidance must include
39 recommendations on how to continuously improve and grow the program,

1 address any gaps in program design and implementation, address split
2 incentives, and how to incorporate the department of health's
3 environmental health disparities mapping tool into the work of the
4 navigator program.

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

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

12 (4) In consultation with the evaluation in section 3(6) of this
13 act, the technical advisory group must make recommendations about how
14 to ensure that projects supported by the navigator program pay
15 workers at least a rate consistent with the prevailing rate of wage
16 pursuant to RCW 39.12.010 and to ensure there is a pathway for small
17 businesses and minority and women-owned contractors to comply with
18 program requirements.

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

23 (a) Seven members representing low-income and overburdened
24 communities to include:

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

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

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

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

32 (i) One from construction labor;

33 (ii) One from the electrician trades; and

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

35 (c) Three members representing industry to include:

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

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

40 (iii) One from the financial services industry;

- 1 (d) Two members representing utilities to include:
2 (i) One from an investor-owned utility;
3 (ii) One from a consumer-owned utility; and
4 (e) Three members representing the environment to include:
5 (i) Two with a depth of experience in greenhouse gas emissions
6 reduction and climate resiliency; and
7 (ii) One from the Washington State University extension energy
8 program.
9 (6) By December 1st of every year, the technical advisory group
10 must provide a progress report on the implementation of the statewide
11 building energy upgrade navigator program to the legislature.

12 NEW SECTION. **Sec. 5.** If specific funding for the purposes of
13 this act, referencing this act by bill or chapter number, is not
14 provided by June 30, 2023, in the omnibus appropriations act, this
15 act is null and void.

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