
HOUSE BILL 1391

State of Washington

68th Legislature

2023 Regular Session

By Representatives Ramel, Doglio, Duerr, Berry, Pollet, and Reed

Read first time 01/17/23. Referred to Committee on Environment & Energy.

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

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

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

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

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

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

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

19 It is the intent of the legislature that financial and technical
20 assistance programs be expanded to direct municipal state and federal
21 funds as well as electric and natural gas utility funding towards
22 greater achievement of energy efficiency improvements. To this end,
23 the legislature establishes a policy goal of providing cost-effective
24 electrification and energy efficiency services to the state's
25 residential and commercial buildings over the next 10 years. The
26 legislature also intends to attain this goal in part through
27 supporting programs for state registered apprenticeship programs and
28 that there is a maximum living wage job creation in fields related to
29 building energy 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 ensure that our state has projects ready and optimizes all
34 available federal resources. Washington's approach to this work will
35 ensure that low-income and moderate-income Washingtonians can fully
36 benefit from federal investment.

37 Furthermore, the legislature finds that improving the energy
38 efficiency of, and reducing the greenhouse gases from, residential
39 buildings are critical to meeting the state's adopted climate goals.
40 The legislature finds that making information about energy efficiency

1 and greenhouse gas emissions available to homebuyers will help buyers
2 make more informed decisions and will cause the housing market to
3 better value energy efficiency and greenhouse gas emissions. The
4 legislature further finds that other states have energy labeling
5 programs in place that are both proven and effective. The legislature
6 further finds that energy labeling is a multifaceted issue that
7 requires collaborative effort between real estate professionals,
8 environmental advocates, low-income housing representatives, and
9 other involved parties to identify how labeling should be designed
10 and implemented. Therefore, the legislature intends to establish a
11 task force with the goal of developing a method for energy labeling
12 of residential buildings.

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

15 The definitions in this section apply throughout this chapter
16 unless the context clearly requires otherwise.

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

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

21 ~~((2))~~ (3) "Department" means the department of commerce.

22 (4) "Direct outreach" means:

23 (a) ~~((The))~~ Outreach including, but not limited to, the use of
24 door-to-door contact, community events, online advertising, vendor
25 promotions, and other methods of direct interaction with customers to
26 inform them of energy efficiency and weatherization opportunities;
27 and

28 (b) The performance of energy audits.

29 ~~((3))~~ (5) "Electrification services" includes energy audits,
30 assistance converting to on-site renewable energy, installing heat
31 pumps and heat pump water heaters, electric appliance replacement,
32 electric vehicle charging, and includes assistance with paperwork,
33 arranging for financing, program design and development, and other
34 postenergy audit assistance and education to help customers meet
35 their energy savings goals.

36 (6) "Energy audit" means an assessment of building energy
37 efficiency and fossil fuel reduction opportunities, from measures
38 that require very little investment and without any disruption to
39 building operation, normally involving general building operational

1 measures, to low or relatively higher cost investment, such as
2 installing timers to turn off equipment, replacing light bulbs,
3 installing insulation, replacing equipment and appliances with higher
4 efficiency equipment and appliances or appliances and equipment that
5 do not use fossil fuels, and similar measures. The term includes an
6 assessment of alternatives for generation of heat and power from
7 renewable energy resources, including but not limited to installation
8 of solar water heating and equipment for photovoltaic electricity
9 generation.

10 ~~((4))~~ (7) "Energy efficiency and conservation block grant
11 program" means the federal program created under the energy
12 independence and security act of 2007 (P.L. 110-140).

13 ~~((5))~~ (8) "Energy efficiency services" means energy audits,
14 weatherization, energy efficiency retrofits, energy management
15 systems as defined in RCW 39.35.030, smart metering, and other
16 activities to reduce a customer's energy consumption, and includes
17 assistance with paperwork, arranging for financing, program design
18 and development, and other postenergy audit assistance and education
19 to help customers meet their energy savings goals.

20 ~~((6))~~ (9) "Energy services" means electrification services and
21 energy efficiency services.

22 (10) "Low-income ~~((individual))~~" means ~~((an individual whose~~
23 ~~annual))~~ household income ~~((does))~~ as defined by the department,
24 provided that the definition may not exceed ((eighty)) 80 percent of
25 ~~((the area))~~ median household income ~~((for the metropolitan,~~
26 ~~micropolitan, or combined statistical area in which that individual~~
27 ~~resides as determined annually by the United States department of~~
28 ~~housing and urban development))~~ adjusted for household size, for the
29 county in which the dwelling unit is located.

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

35 (b) "Overburdened community" includes, but is not limited to:
36 (i) A highly impacted community as defined in RCW 19.405.020;
37 (ii) Communities located in census tracts that are fully or
38 partially on "Indian country" as defined in 18 U.S.C. Sec. 1151; and
39 (iii) Populations, including Native Americans or immigrant
40 populations, who may be exposed to environmental contaminants and

1 pollutants outside of the geographic area in which they reside based
2 on the populations' use of traditional or cultural foods and
3 practices, such as the use of resources, access to which is protected
4 under treaty rights in ceded areas, when those exposures in
5 conjunction with other exposures may result in disproportionately
6 greater risks, including risks of certain cancers or other adverse
7 health effects and outcomes.

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

12 ~~((7))~~ (12) "Sponsor" means any entity or group of entities that
13 submits a proposal under RCW 70A.50.020, including but not limited to
14 any nongovernmental nonprofit organization, local community action
15 agency, tribal nation, community service agency, public service
16 company, county, municipality, publicly owned electric, or natural
17 gas utility.

18 ~~((8))~~ (13) "Sponsor match" means the share, if any, of the cost
19 of efficiency improvements to be paid by the sponsor.

20 ~~((9))~~ (14) "Weatherization" means ~~((making energy and resource~~
21 ~~conservation and energy efficiency improvements))~~ activities that
22 achieve one or more of the following: (a) Energy and resource
23 conservation; (b) energy efficiency improvements; (c) repairs, indoor
24 air quality improvements, and health and safety improvements; and (d)
25 client education.

26 NEW SECTION. Sec. 3. A new section is added to chapter 70A.50
27 RCW to read as follows:

28 (1)(a) The department is authorized to establish and oversee a
29 statewide building energy upgrade navigator program. The purpose of
30 the navigator program is to provide a statewide resource to assist
31 building owners with accessing electrification services and energy
32 efficiency services, funding, and any other assistance that will
33 result in the reduction of greenhouse gas emissions, job creation,
34 business opportunities, and workforce development in the building
35 sector.

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

1 (c) The department may consult with other programs, entities, and
2 stakeholders as the department determines to be appropriate on the
3 design, administration, and implementation of the navigator program.

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

10 (b) The department must ensure the requirements of the navigator
11 program are being met through the contract terms with the
12 administrator or administrators. The department must include
13 performance metrics in any administrator's contract that are
14 sufficient to allow the department and the legislature to evaluate
15 the energy savings, greenhouse gas emissions reductions, consumer
16 cost savings, wage and employment impacts, and customer satisfaction
17 resulting from the administrator's operation of the navigator
18 program.

19 (c) The department must enter into a contract with an
20 administrator or administrators by March 1, 2024. The legislature
21 intends for the administrator or administrators to begin providing as
22 many of the services outlined in this section as possible immediately
23 and recognizes that it may take more time for some services to be
24 provided than others. Therefore, the administrator or administrators
25 must first focus on providing clear education and community outreach
26 to customers on navigating through relevant funding opportunities.

27 (3) The administrator or administrators of the navigator program
28 must:

29 (a) Provide outreach and deliver energy services to: (i) Owner-
30 occupied and rental residences; (ii) commercial buildings under
31 20,000 square feet; and (iii) single-family and multifamily
32 dwellings;

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

34 (c) Support energy efficient and emissions reductions
35 alternatives for all types of fuel used in buildings;

36 (d) Develop strategies to ensure that the navigator program
37 prioritizes services to low-income households, vulnerable
38 populations, and overburdened communities identified by the
39 department, including tribal communities, and having considered
40 recommendations of the natural gas decarbonization study conducted by

1 the utilities and transportation commission as required by chapter
2 334, Laws of 2021. Strategies may include dedicating a portion of the
3 navigator program funding for these prioritized services;

4 (e) To the extent possible, support accessible administration of
5 programs authorized under the federal inflation reduction act;

6 (f) Support the integrated implementation of all relevant clean
7 buildings programs funded in any state budget including, but not
8 limited to, the following programs:

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

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

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

20 (iv) Inflation reduction act home owner managing energy savings
21 rebate program, as described in chapter (House Bill
22 No. (the omnibus capital appropriations act)), Laws of
23 2023; and

24 (g) Implement a contractor qualification process to assist with
25 finding and accessing qualified energy contractors for customers as
26 outlined in subsection (5)(a) of this section. The contractor
27 qualification process must include, but is not limited to, meeting
28 program labor standards and program reporting requirements.
29 Contractor qualification must consider contractor inclusion plans in
30 coordination with the office of minority and women's business
31 enterprises as created in RCW 39.19.030.

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

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

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

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

7 (ii) Appliance upgrades;

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

11 (iv) Smart meters;

12 (v) Solar photovoltaic panels and other on-site sources of
13 renewable energy;

14 (vi) Electric vehicle charging; and

15 (vii) Smart thermostats; and

16 (c) Providing community outreach in collaboration with the
17 department's programs to reach and serve underserved communities.

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

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

22 (b) Income qualification services and recommendations for
23 programs customers may be eligible for based on income, including the
24 department's weatherization plus health program; and

25 (c) Assistance with securing financing.

26 (6) (a) The administrator must develop community workforce
27 agreements between labor representatives and contractors for the work
28 performed on projects funded by the program.

29 (b) In developing the terms and conditions of community workforce
30 agreements, the administrator shall consider the size and complexity
31 of the projects, number of trades and crafts anticipated to be used
32 on the projects, availability of trained and skilled craft workers,
33 and geographic location of the projects.

34 (c) At a minimum, any community workforce agreement must:

35 (i) Establish goals or criteria for labor hours or percentage of
36 work to be performed by underrepresented groups, including women and
37 minority-owned businesses, and veterans;

38 (ii) Establish goals or criteria for labor hours or percentage of
39 work to be performed by local residents;

1 (iii) Establish goals or criteria for labor hours or percentage
2 of work to be performed by state registered apprentices approved by
3 the Washington state apprenticeship and training council; and

4 (iv) Provide that workers performing work on projects under a
5 community workforce agreement are paid a wage rate that is at least
6 equivalent to the prevailing wage rate of workers, laborers, or
7 mechanics in the same trade or occupation in the locality in which
8 the work is being performed.

9 (d) The administrator must identify statewide workforce and
10 contractor training needs and develop training curriculum.

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

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

16 (9) The administrator may develop a database portal to identify
17 and track:

18 (a) The geographic location of services provided;

19 (b) Customer interactions; and

20 (c) Performance metrics for work completed.

21 (10) The department must report to the legislature on the
22 implementation of the statewide building energy upgrade navigator
23 program including, but not limited to, the implementation of
24 community workforce agreements.

25 (a) The report must include detail on the following performance
26 metrics:

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

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

29 (iii) Wage levels of jobs created;

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

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

33 (vi) Public health benefits, including indoor and outdoor air
34 quality improvements and increased access to cooling for climate
35 resilience.

36 (b) The report must include recommendations for additional energy
37 efficiency, electrification, and distributed energy programs for
38 customers to: (i) Maximize deployment of energy efficiency services;
39 and (ii) achieve higher rates of penetration and economies of scale
40 related to implementing multiple measures simultaneously.

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

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

5 (1) The department must convene a technical advisory group by
6 December 1, 2023, to provide ongoing guidance to the statewide
7 building energy upgrade navigator program established in section 3 of
8 this act. The technical advisory group's guidance must include
9 recommendations on how to continuously improve and grow the program,
10 address any gaps in program design and implementation, address split
11 incentives, and how to incorporate the department of health's
12 environmental health disparities mapping tool into the work of the
13 navigator program.

14 (2) Technical advisory group members must be appointed by the
15 department and must include one person representing each of the
16 following:

- 17 (a) Construction labor;
- 18 (b) Electrician trades;
- 19 (c) Construction industry;
- 20 (d) Washington State University extension energy program;
- 21 (e) The department's energy office;
- 22 (f) Low-income communities;
- 23 (g) Low-income weatherization advisory board;
- 24 (h) Investor-owned utilities;
- 25 (i) Consumer-owned utilities;
- 26 (j) The house of representatives; and
- 27 (k) The senate.

28 (3) By December 1st of every year, the technical advisory group
29 must provide a progress report on the implementation of the statewide
30 building energy upgrade navigator program to the legislature.

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