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## Environment & Energy Committee

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### HB 1903

**Brief Description:** Establishing a statewide low-income energy assistance program.

**Sponsors:** Representatives Mena, Berry, Doglio, Parshley, Simmons, Santos, Taylor, Scott, Ramel, Farivar, Hill, Pollet and Duerr.

#### Brief Summary of Bill

- Establishes a statewide low-income energy assistance program (program) within the Department of Commerce (Commerce) that requires Commerce to provide funds to utilities to reduce the monthly energy bills of low-income customers by July 1, 2026.
- Requires gas and electric utilities to participate in the program, with opt-out provisions for utilities meeting other energy assistance requirements.

**Hearing Date:** 2/13/25

**Staff:** Megan McPhaden (786-7114).

#### Background:

##### Statewide Monthly Low-Income Energy Assistance Program Design Report.

The 2023 Enacted Operating Budget directed the Department of Commerce (Commerce) to recommend a design for a statewide energy assistance program to address energy burden and provide access to energy assistance for low-income households. Commerce's report was published in November 2024.

Commerce's recommended program design elements include:

- a streamlined way to determine income eligibility;
- a monthly income-tiered bill discount and a graduated benefit level that decreases as

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- income increases;
- communications and outreach plans that respect the needs of households and communities;
- ongoing program evaluations to track access, delivery, and program integrity; and
- a statewide advisory group.

#### Low-income Energy Assistance Under the Clean Energy Transformation Act.

##### *Electric Utility Requirement for Programs and Funding.*

Under the Clean Energy Transformation Act (CETA), electric utilities must make programs and funding available for energy assistance to low-income households, and to the extent practicable, must give priority to low-income households that spend a higher portion of their annual household income on energy bills (energy burden).

Low-income household incomes are those that do not exceed the higher of 80 percent of area median income or 200 percent of federal poverty level, adjusted for household size.

The energy assistance need is the amount necessary to reach a 6 percent energy burden. Energy assistance includes, but is not limited to, weatherization, conservation and efficiency services, monetary assistance, and direct customer ownership in 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.

##### *Electric Utility Reporting.*

Electric utilities must demonstrate progress with providing energy assistance, have and submit a biennial plan to improve the effectiveness of meeting energy assistance need, and must biennially submit to Commerce with an assessment of:

- programs and mechanisms used to reduce energy burden and their short-term and sustained effectiveness;
- outreach strategies used to encourage participation and linguistically and culturally appropriate enrollment campaigns; and
- previous funding for energy assistance compared to funding levels needed to meet:
  - 60 percent of current energy assistance need, or increasing energy assistance by 15 percent over the amount provided in 2018, whichever is greater, by 2030; and
  - 90 percent of the current energy assistance need by 2050.

Electric utilities must also provide the following related information to Commerce:

- the amount and type of energy assistance, and number and type of households served;
- the amount of money passed through to third parties that administer energy assistance programs; and
- any other related and available information requested by Commerce.

##### *Commerce Reporting.*

Commerce must collect and aggregate data estimating the energy burden, energy assistance need, and reported energy assistance for each electric utility on a biennial basis and make this information public on its website. This published data must include:

- the estimated number and demographic characteristics of households served by energy assistance for each utility and the dollar value of the assistance;
- the estimated level of energy burden and energy assistance need among customers served;
- housing characteristics; and
- energy efficiency potential.

Commerce must assess how to prioritize energy assistance to higher energy burden households and must submit a biennial report to the Legislature that:

- aggregates energy burden and assistance programs and needs into a statewide summary;
- identifies and quantifies expenditures on energy assistance; and
- evaluates the effectiveness of additional optimal mechanisms for energy assistance, including, but not limited to, customer rates, a low-income specific discount, system benefits charges, and public and private funds.

#### Gas and Electric Company Low-Income Rate and Program Approval.

The Utilities and Transportation Commission (UTC) may approve discounted rates and other low-income assistance programs for low-income customers of gas companies and electric companies. The costs and lost revenues from these discounts must be recovered in rates to other customers. Such low-income discounts or grants must be provided in coordination with community-based organizations in the utility's service territory.

Gas and electrical companies must conduct substantial outreach to make low-income discounts and grants available and must report annually to the UTC on outreach activities and results

#### Low-Income Home Energy Assistance Program.

The Low-Income Home Energy Assistance Program (LIHEAP) uses federal grants to provide energy assistance to households that have an average monthly income at or below 150 percent of the federal poverty level. The LIHEAP provides assistance through a network of community action agencies and local partners, and it is primarily used to assist households with a one-time grant to the energy utility.

#### Climate Commitment Account.

The Climate Commitment Account is one of the accounts established by the Climate Commitment Act, and moneys in the account may be spent only after appropriation. Projects, activities, and programs eligible for funding from the Account must be in Washington state and include, but are not limited to, 14 specified purposes.

### **Summary of Bill:**

#### Statewide Low-Income Energy Assistance Program.

The Statewide Low-Income Energy Assistance Program (statewide program) is established within Commerce to reduce energy burden for low-income households in the state, and Commerce may write rules to implement the program.

Commerce must begin providing energy assistance by July 1, 2026. Energy assistance only includes monetary assistance for the purpose of the program. Commerce must administer the program by providing energy assistance funds to gas and electric utilities. Gas and electric utilities must pass the funds on to their low-income residential customers and show the energy assistance on the customers' monthly bills. Commerce must provide a tiered amount of assistance to provide the most to the households with the greatest need.

*Utility Requirements for Participating and Opting-Out.*

All gas and electric utilities must participate in the statewide program or opt-out under allowed circumstances.

A gas company or an electric investor-owned utility (utility companies) may opt-out of the statewide program if the utility company has at least one low-income program that provides energy assistance to at least 50 percent of the low-income households it serves. Utility companies must certify in an annual report to Commerce that the utility company continues to meet this 50 percent requirement. The first of these reports is due by July 1, 2026. If a utility company does not meet these requirements by July 1, 2028, the utility company must contact Commerce to establish participation in the statewide program. An electric investor-owned utility must additionally comply with the CETA low-income energy assistance requirements to opt-out.

A consumer-owned electric utility may opt-out of the statewide program if the utility complies with the CETA low-income energy assistance requirements.

*Enrollment.*

Commerce must establish enrollment details for the statewide program, which must include, but are not limited to:

- all low-income households are eligible;
- low-income households may directly apply and may self-attest that they meet the income qualifications;
- immigration status or self-attesting to income does not impact eligibility;
- commerce may work with utilities and community action councils to verify income qualifications; and
- commerce must explore auto-enrollment of known eligible households.

*Outreach.*

Commerce must provide outreach for the statewide program by:

- developing a website and informational materials in multiple languages, and outreach materials must be produced and approved by first language speakers;
- partnering with community-based organizations and community action councils;
- coordinating with state programs that provide benefits to low-income households, such as the Basic Food program and the Working Families Tax Credit, so households are notified and directed to the statewide program when signing up or participating in other programs;
- providing a call center;
- ensuring call center staff and program administrators are trained on trauma-informed

- communication practices; and
- codesigning outreach campaigns with community partners, low-income service providers, and statewide community-based organizations.

*Funding.*

The Legislature intends for sustained funding to be provided from Climate Commitment Act auction revenues to meet low-income household needs. Commerce's obligation to provide energy assistance is based on available funding appropriated for this specific purpose. Implementing the statewide program is added as an eligible expenditure from moneys in the Climate Commitment Account.

*Reporting.*

Commerce must submit a report to the Governor and Legislature that includes a program evaluation of the statewide program by July 1 every even-numbered year.

*Advisory Group.*

Commerce must establish an advisory group for the statewide program before program implementation to help inform program development, program implementation, and the program evaluation. The advisory group must be a diverse group of stakeholders and must include members from low-income households.

Low-Income Energy Assistance Under CETA.

Electric utilities may meet the CETA low-income energy assistance requirements by participating in the statewide program.

**Appropriation:** None.

**Fiscal Note:** Requested on February 10, 2025

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