

HOUSE BILL REPORT

HB 1903

As Reported by House Committee On:
Environment & Energy

Title: An act relating to establishing a statewide low-income energy assistance program.

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 History:

Committee Activity:

Environment & Energy: 2/13/25, 2/20/25 [DPS].

Brief Summary of Substitute Bill

- Establishes a Statewide Low-Income Energy Assistance Program (Statewide 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 Statewide Program, with opt-out provisions for utilities meeting other energy assistance requirements.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 20 members: Representatives Doglio, Chair; Hunt, Vice Chair; Dye, Ranking Minority Member; Klicker, Assistant Ranking Member; Abbarno, Barnard, Berry, Duerr, Fey, Fitzgibbon, Kloba, Ley, Mena, Mendoza, Ramel, Stearns, Street, Stuebe, Wylie and Ybarra.

Minority Report: Without recommendation. Signed by 1 member: Representative Abell.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

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 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 (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 the state of Washington and include, but are not limited to, 14 specified purposes.

Summary of Substitute 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.

Utilities with more than 25,000 customers in the state must provide energy assistance to customers and then seek reimbursement from Commerce, which Commerce must provide within 30 days of this request. Utilities with up to 25,000 customers may request that Commerce provide energy assistance funds before the utility provides the assistance to customers. Commerce may provide this upfront energy assistance with appropriate contractual agreements.

Commerce may enter into voluntary agreements with utilities to serve as coadministrators of the Statewide Program for the purposes of enhancing customer engagement, facilitating enrollment of eligible customers, and sharing administrative duties with Commerce.

Commerce must ensure that benefits provided through the Statewide Program are not less than what a customer enrolled in their utility program received in the previous year.

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 or electric utility may opt-out of the Statewide Program if the utility company provides monthly energy bill assistance to at least 50 percent of the low-income households it serves. Utilities must certify in an annual report to Commerce that the utility continues to meet this 50 percent requirement. The first of these reports is due by July 1, 2026. If a utility does not meet these requirements by July 1, 2028, the utility must contact Commerce to establish participation in the Statewide Program. Electric investor-owned utilities 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 the following requirements:

- All low-income households are eligible.
- Low-income households may directly apply and may self-attest that they meet the income qualifications.
- Low-income households may apply to the utility from which they receive service if the utility has voluntarily chosen to serve as coadministrator of the Statewide Program.
- Immigration status or self-attesting to income does not impact eligibility.
- Commerce may work with utilities and community action councils to verify income qualifications.
- 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.

Substitute Bill Compared to Original Bill:

As compared to the original bill, the substitute bill:

- authorizes Commerce to enter into agreements with utilities on a voluntary basis to coadministrate the Statewide Low-Income Energy Assistance Program to enhance customer engagement, share administrative duties, and allow low-income households to apply to the utility for access to the program;
- provides additional details for how utilities and Commerce administer energy assistance under the program:
 - for a utility with more than 25,000 customers in the state, the utility must seek reimbursement from Commerce after providing the energy assistance and then Commerce must provide a reimbursement within 30 days; and
 - for a utility serving up to 25,000 customers, the utility may request that Commerce provide energy assistance funds before the utility provides the energy assistance, and Commerce may do this with an appropriate contractual agreement;
- requires Commerce to ensure that benefits provided through the program are not less than what a customer received the previous year from their utility program;
- specifies that for the gas and electric companies opting out of the program, the energy assistance they must provide is monthly energy bill assistance; and
- authorizes consumer-owned electric utilities to opt-out of the program in the same manner as provided for investor-owned electric utilities under the bill.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 20, 2025.

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

Staff Summary of Public Testimony:

(In support) The energy assistance need across the state is not being met, and this incorporates Commerce's recommendations to get people the assistance they need. There is specific support for including the Climate Commitment Act (CCA) as a funding source, allowing broad eligibility criteria, prioritizing robust outreach, allowing utilities to continue their own programs if that is in the best interest of their customers, and for the CETA compliance provision. To ensure the future of the CCA, this program should be implemented because it provides visibility on the benefits of the CCA to many people on their monthly bills. Current law is not equitable; requiring every utility to carry out their own programs under CETA should be changed. The current patchwork of programs only meets a fraction of the need and is an inadequate system that keeps injustices in place.

Assistance programs can help people break free from cycles of poverty. This would be a major stop to ensure security. Some of the critical protections put in place during the COVID-19 pandemic are no longer in place and more people are falling back and facing energy disconnections. Affordable and reliable access to energy is essential and critical for life. Public utility districts were engaged with Commerce during development of the proposed design for a statewide program. The bill would be improved if, for small utilities, Commerce directly funded the program. The bill should say that if adequate funding isn't provided by the state, any utility opting into the program must be still considered to be in compliance with the program. There is a concern about relying on appropriated funding to meet the need over time. There should be a more appropriate opt-out provision since investor-owned utilities have invested a lot in new utility bill discount programs. The July 1, 2026, deadline may be unrealistic because of the time needed for rulemaking, advisory group input, and for Commerce to establish and test the program. Access is a major barrier, particularly related to technology and language when programs are only in English.

(Opposed) None.

(Other) Key parts of this bill align with Commerce's report to recommend a design for a statewide program. There are a few ideas for how to work on the bill. This program is critical, but there are concerns about the long-term viability of funding because the CCA is designed to phase out over time. There needs to be a permanent and stable funding source.

Persons Testifying: (In support) Representative Sharlett Mena, prime sponsor; Daniel Fagerlie, Ferry PUD; Logan Bahr, Tacoma Public Utilities and Tacoma Power; Victor Fuentes, Franklin Public Utility District; Adán Espino Jr, Franklin Public Utility District; Nicolas Garcia, WPUDA; Jessica McCarthy, Okanogan PUD; Soumya Keefe, On behalf of NW Energy Coalition; Guillermo Rogel, Front and Centered; Cameron Steinback, Front and Centered; and Sahar Al Alarasi, Mother Africa.

(Other) Linda Garcia, Washington State Community Action Partnership; Dave Pringle, Washington State Department of Commerce; and Austin Scharff, Washington State Department of Commerce.

Persons Signed In To Testify But Not Testifying: None.