HOUSE BILL REPORT
E2SHB 1903

As Passed House:
February 14, 2026

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

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

Sponsors: House Committee on Appropriations (originally sponsored by 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];
Appropriations: 2/5/26, 2/7/26 [DP2S].

Floor Activity:

Passed House: 2/14/26, 60-33.

Brief Summary of Engrossed Second Substitute Bill

- Establishes a Statewide Low-Income Energy Assistance Program (Statewide Program) within the Department of Commerce (Commerce) that requires Commerce to, subject to appropriation, phase in the program by providing funds to participating utilities to reduce the monthly energy bills of low-income customers by October 1, 2027.
- Specifies that an electric utility's participation in the Statewide Program may supplement, but may not replace its obligations to provide low-income energy assistance under the Clean Energy Transformation Act (CETA), and modifies utility energy assistance reporting under CETA.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

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.

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.

Staff: Megan McPhaden (786-7114).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 21 members: Representatives Ormsby, Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Bergquist, Callan, Corry, Cortes, Doglio, Dye, Fitzgibbon, Leavitt, Lekanoff, Manjarrez, Peterson, Pollet, Ryu, Springer, Stonier, Street and Thai.

Minority Report: Do not pass. Signed by 3 members: Representatives Penner, Assistant Ranking Minority Member; Burnett and Marshall.

Minority Report: Without recommendation. Signed by 4 members: Representatives Couture, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Keaton.

Staff: Kate Henry (786-7349).

Background:

<u>Statewide Monthly Low-Income Energy Assistance Program Design Report</u>.
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

No-Cost Allowances for Electric Utilities Under the Climate Commitment Act.
Under the Climate Commitment Act, in order to ensure that greenhouse gas (GHG) emissions are reduced consistent with the state's 2030, 2040, and 2050 emissions limits, the Department of Ecology (Ecology) must implement a cap on GHG emissions from covered entities and a program to track, verify, and enforce compliance through the use of compliance instruments, which include allowances or eligible offset credits (Cap-and-Invest Program). Covered entities must either reduce their emissions or obtain allowances to cover any remaining emissions. An allowance is an authorization to emit up to 1 metric ton of carbon dioxide equivalent. The total number of allowances decreases over time to meet statutory limits. Allowances can be obtained through quarterly auctions or bought and sold on a secondary market. The Legislature intends to allow electric utilities subject to CETA to be eligible for no-cost allowances to mitigate the cost burden of the Cap-and-Invest Program on electricity customers.

During the first compliance period, allowances allocated at no cost to electric utilities may be consigned to auction for the benefit of ratepayers, deposited for compliance, or a combination of both. For the second compliance period, Ecology must adopt rules by October 1, 2026, governing the amount of allowances allocated at no cost to electric utilities that must be consigned to auction. The benefits of all allowances consigned to auction by electric utilities must be used for the benefit of ratepayers, with the first priority being the mitigation of any rate impacts to low-income customers.

Summary of Engrossed Second 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, in consultation with the UTC, must write rules to implement the program. Subject to appropriation, Commerce must phase in the program across utilities and home heating fuel types, prioritizing areas of the state with a disproportionate share of low-income households in energy assistance need and where low-income monthly bill assistance programs targeted at addressing energy assistance need are lacking.

Commerce must begin providing energy assistance by October 1, 2027. Energy assistance only includes monetary assistance for the purpose of the program. Commerce must administer the program by providing energy assistance funds to participating utilities and these 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.

Participating 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. Participating 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. If a utility chooses to be a coadministrator, the utility may choose to be the lead coadministrator.

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. Participating utilities may not reduce the level of low-income energy assistance, discounts, or affordability benefits it provided in the previous calendar year as a result of participating in the Statewide Program.

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, and may self-attest that they meet the income qualifications.
- Low-income households may directly apply, apply to the utility from which they receive service if the utility has voluntarily chosen to serve as coadministrator of the Statewide Program, or apply through a Community Action Council in partnership

with the participating utility.
- 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.

Funding.
The Legislature intends for sustained funding to be provided from Climate Commitment Act auction revenues or other state General Fund dollars to meet low-income household needs. Commerce's and each utility's obligation to provide energy assistance under the Statewide Program is based on available funding appropriated for this specific purpose.

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 and at least one member each from a community organization, a Community Action Council, an investor-owned utility, and a consumer-owned utility.

<u>Low-Income Energy Assistance Under the Clean Energy Transformation Act</u>.
An electric utility's participation in the Statewide Program may supplement, but may not replace, its requirements to provide low-income energy assistance under CETA.

In the information they provide to Commerce for CETA reporting, utilities must include the amount of money used to mitigate rate impacts to low-income customers and a description of any other benefits provided to ratepayers from the sale of allowances as required by the Climate Commitment Act, if applicable. An additional reporting requirement for utilities is modified; utilities no longer need to provide a cumulative assessment of previous funding for energy assistance compared to funding levels needed to meet certain percentages of energy assistance need and instead need to provide a cumulative assessment of program participation rates and funding levels compared to what is needed to meet energy assistance need.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 14, 2026.

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

Staff Summary of Public Testimony (Environment & Energy):

(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.

Staff Summary of Public Testimony (Appropriations):

(In support) This bill recognizes the critical need for establishment of a reliable monthly bill assistance program. More than 270 households are energy burdened. One-time efforts to provide assistance cannot fully address the outstanding need. It is recommend that a sustained monthly bill assistance program is created. This policy will cover a wider range of households. As the state transitions to clean energy, it needs to make sure affordability is included in the conversation. Most investor-owned utilities (IOU) have implemented energy assistance programs; the bill builds on this work, and ensures existing IOU programs continue. This follows the Commerce recommendations made in past reports. Phased-in is a more effective way than the current law which mandates a patchwork of assistance. It makes it easier and less stigmatized for low-income households to access energy assistance.

(Opposed) None.

(Other) While the effort is appreciated, the bill needs more work, including clarification of implementation processes. Targeting specific geographic areas inherently prioritizes certain low-income customers over others. Also, this policy conflicts with UTC authority over low-income programs. It requires IOUs to redesign their programs to fit Commerce's program. Social economic assessments go outside the scope of what utilities do and what information utilities have to access. The reimbursements language needs further clarification too, among other details that need clarification.

Persons Testifying (Environment & Energy): (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 Testifying (Appropriations): (In support) John Rothlin, Avista Corp; Dan Fagerlie, Ferry PUD #1; Guillermo Rogel, Front and Centered; Aqsa Mengal, Front and Centered; and Charlee Thompson, NW Energy Coalition.

(Other) Maggie Douglas, Puget Sound Energy; and Sheri Nelson, WA Rural Electric Cooperative Assn.

Persons Signed In To Testify But Not Testifying (Environment & Energy): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.