
Environment & Energy Committee

HB 2373

Brief Description: Requiring electric utilities to provide monthly bill assistance as part of their obligation to offer energy assistance to low-income households.

Sponsors: Representatives Mena, Ramel, Parshley, Street, Kloba, Thomas, Ormsby, Scott, Bergquist and Hill.

Brief Summary of Bill

- Requires electric utilities to provide a monthly bill discount program to meet the energy assistance need for all low-income customers by January 1, 2028 and reduces the number of energy assistance programs that smaller utilities must provide to one.
- Directs electric utilities to report on the benefits provided to low-income and other ratepayers from the sale of no-cost allowances under the Cap-and-Invest Program.

Hearing Date: 1/20/26

Staff: Megan McPhaden (786-7114).

Background:

Low-Income Energy Assistance Under the Clean Energy Transformation Act.

Electric Utility Requirement for Programs and Funding.

Under the Clean Energy Transformation Act, all 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).

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.

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 and must biennially submit to the Department of Commerce (Commerce) a plan to improve the effectiveness of meeting energy assistance need and an assessment of:

- programs and mechanisms used to reduce energy burden and their effectiveness and mechanisms in short-term and sustained energy burden reductions;
- 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.

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. Covered entities must either reduce their emissions or obtain allowances to cover any remaining emissions. An allowance is an authorization to emit up to one 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. Some utilities and industries are issued no-cost allowances.

Ecology must adopt allocation schedules to provide no-cost allowances to electric utilities, consistent with a forecast of each utility's supply and demand, and the cost burden resulting from the inclusion of the covered entities in each compliance period, as follows: (1) by October 1, 2022, for the first compliance period; (2) by October 1, 2026, for the second compliance period; and (3) by October 1, 2028, for the compliance periods between 2031 and 2045.

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. By October 1, 2026, Ecology must adopt rules 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 Bill:

Low-Income Energy Assistance Under the Clean Energy Transformation Act.

Starting in 2028, the number of energy assistance programs that electric utilities with fewer than 25,000 customers must provide is reduced to one. Electric utilities with 25,000 customers or more must continue offering energy assistance programs. At least one of these programs for utilities of all sizes must be a monthly bill discount program (Discount Program) for all low-income customers that is sufficient to meet energy assistance need. Electric utilities must demonstrate increasing energy assistance program participation rates and reduced energy burden in each biennial period. Electric utilities must prioritize assistance to low-income households with a higher energy burden.

Monthly Bill Discount Program Details.

The Discount Program must include at least five income tiers, with benefit levels in each tier set to approximate the discount needed to meet energy assistance for households in each tier. The Discount Program must rely on a third-party low-income needs assessment to determine the income and benefit levels. The Discount Program must also provide a reasonable discount to low-income households that are not in energy assistance need.

Electric utilities may: (1) provide a comparable monthly lump-sum payment to utility customers that are unable to receive a monthly discount on their bills; and (2) maintain prior benefit levels for households, if prior levels are greater than those required under the Discount Program.

Outreach and Accessibility Requirements.

For all low-income energy assistance programs, electric utilities must:

- offer in-person, phone, and web page enrollment opportunities;
- offer streamlined eligibility options, including categorical eligibility and self-attestation. Electric utilities may use Community Action Councils or other third parties to audit incomes, and may not require eligibility recertification by an energy assistance program participant more than once every two years;
- establish application requirements limited to what is necessary to enroll households and effectively implement energy assistance programs;
- codesign outreach materials and campaigns with community-based organizations, including local low-income service providers that specialize in serving low-income Black, indigenous, and people of color. Electric utilities may enter into an agreement with Commerce to use outreach materials and Commerce-developed strategics, and conduct outreach and enrollment for the purposes of enhancing participation of eligible households

- in utility low-income programs;
- develop their energy assistance webpages and energy assistance program materials for multiple languages, and have their webpages and energy assistance program materials reviewed and approved by first language speakers in the state; and
- provide quarterly bill inserts or emails to customers with program eligibility and enrollment information. Electric utilities may use model bill inserts or text produced by Commerce for this purpose.

Reporting.

An additional component is added to each utility's required energy assistance reports to Commerce; utilities must now also report 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 no-cost allowances under the Climate Commitment Act, as applicable.

Certain details are removed from the biennial assessment that utilities must submit to Commerce, including the funding levels needed to meet 60 and 90 percent of energy assistance need by certain dates. This biennial assessment must now include a cumulative assessment of program participation rates and previous funding levels.

Appropriation: None.

Fiscal Note: Requested on January 12, 2026.

Effective Date: The bill takes effect on July 1, 2028.