

SENATE BILL REPORT

2SHB 1391

As of February 16, 2024

Title: An act relating to energy in buildings.

Brief Description: Concerning energy in buildings.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Ramel, Doglio, Duerr, Berry, Pollet and Reed).

Brief History: Passed House: 2/8/24, 58-39.

Committee Activity: Environment, Energy & Technology: 3/22/23, 3/24/23; 2/16/24.

Brief Summary of Bill

- Directs the Department of Commerce to contract with an administrator to establish a Statewide Building Energy Upgrade Navigator Program by March 1, 2024, to provide outreach, and deliver energy services to residential building owners and renters and owners of commercial buildings under 20,000 square feet.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Staff: Kimberly Cushing (786-7421)

Background: State Energy Strategy. State law declares that a successful state energy strategy balances three goals:

- maintaining competitive energy prices that are fair and reasonable for consumers and businesses and support the state's continued economic success;
- increasing competitiveness by fostering a clean energy economy and jobs through business and workforce development; and
- meeting the state's obligations to reduce greenhouse gas (GHG) emissions.

To meet those goals, state law lays out nine principles to guide strategy development and

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implementation.

The Department of Commerce (Commerce) is charged with periodically reviewing the state energy strategy with the guidance of an advisory committee.

In 2019, the Legislature directed Commerce to review the state energy strategy to align it with the requirements of the Energy Independence Act, the Clean Energy Transformation Act and the state's GHG emission reduction limits. Commerce published the updated state energy strategy in 2021.

Summary of Bill: Statewide Building Energy Upgrade Navigator Program. Commerce must establish a Statewide Building Energy Upgrade Navigator Program (Navigator Program) to help building owners access electrification and energy efficiency services and funding, and to reduce GHG emissions, create jobs and business opportunities, and develop the building sector workforce. The Navigator Program must be administered consistent with programs and funding authorized under the federal Inflation Reduction Act and the federal Infrastructure Investment and Jobs Act. Nothing about the Navigator Program may supplant energy efficiency programs administered by energy utilities.

Commerce must coordinate and collaborate with the Washington State University Extension Energy Program, and may consult with others, on the design, administration, and implementation of the Navigator Program.

By March 1, 2024, Commerce must contract with one or more administrators to run the Navigator Program. The administrator may be an entity including a nonprofit organization or community organization, but may not be an energy utility. Administrator contracts may not exceed five years and contracts must include performance metrics.

Outreach and Energy Services Requirements for the Navigator Program's Administrator. The administrator must prioritize education and outreach to customers on navigating through relevant funding opportunities and leverage existing energy utility programs.

Striving to serve all regions of the state, the administrator must provide outreach and deliver energy services to:

- residential building owners and renters;
- owners of commercial buildings under 20,000 square feet; and
- owners and occupants of single-family and multifamily dwellings.

The administrator must:

- support energy efficient and emissions reductions alternatives for buildings that use all types of fuel;
- develop strategies to ensure that the Navigator Program prioritizes services to low-income households, vulnerable populations, and overburdened communities, including tribal communities, and consider energy decarbonization pathways of the

- Utilities and Transportation Commission's natural gas decarbonization study;
- support the integrated implementation of all relevant energy utility energy efficiency programs, any available community programs, and all clean building programs funded by the state; and
 - develop a contractor network to assist with finding and accessing qualified energy contractors for customers and coordinate with existing energy utility contractor network programs.

The contractor network must consist of contractors that are committed to meeting any training requirements or other provisions required by the administrator or recommended by the Technical Advisory Group (TAG). The administrator must conduct targeted outreach and coordinate with the Office of Minority and Women's Business Enterprises.

The administrator must provide the following outreach services:

- create and maintain updated and educational marketing materials, to include advice about all funds and financial assistance available from federal, state, local, and energy utility programs;
- provide scientific and industry-accepted strategies for energy and electrification upgrades through information programs, planning tools, and technical support where possible;
- assist with performing or accessing energy audits; and
- provide outreach in coordination with local utilities in collaboration with Commerce's programs to reach and serve underserved communities.

Energy audits are assessments of building energy efficiency and fossil fuel reduction opportunities, including replacing appliances and equipment that do not use fossil fuels. Energy audits must provide recommendations on improvements including weatherization, electric appliance conversions or upgrades, electrification, information on the availability of smart meter technology provided by utilities, solar photovoltaic panels, battery storage and other on-site renewable energy, electric vehicle charging, and smart thermostats.

The administrator must assist with the following energy services:

- electrification, including energy audits, and evaluations of on-site renewable energy, heat pumps and heat pump water heaters, efficient electric appliances, and electric vehicle charging;
- energy efficiency—meaning energy audits, weatherization, energy efficiency retrofits, energy management systems, and smart metering;
- arranging and securing financing, program design and development, and other post-energy audit assistance and education to help customers meet energy savings goals;
- finding and accessing qualified energy contractors to implement energy audits; and
- recommendations for programs based on income eligibility.

The administrator may directly administer program incentives and rebates as directed by Commerce, and develop a database portal to identify and track the location of services

provided, customer interactions, and performance metrics.

The administrator may not provide any assistance for projects that include installing new natural gas or other fossil fuel appliances.

Reporting. Every even-numbered year on September 1st, Commerce must report on the implementation of the Navigator Program to the Legislature. The report must include details on specific performance metrics, as well as recommendations for additional energy programs for customers.

Performance metrics must include:

- monetary, GHG, and energy savings achieved;
- savings to investment ratio achieved for customers;
- wage levels of jobs created;
- use of state registered preapprentice and apprenticeship programs;
- efficiency and speed of service delivery;
- public health benefits, including air quality improvements and increased access to cooling; and
- reduction of energy burdens for low-income and moderate-income residents.

Technical Advisory Group. By December 1, 2023, Commerce must convene a TAG to provide ongoing guidance to the Navigator Program. The TAG must provide recommendations for the program on how to improve and grow, address gaps in program design and implementation, address split incentives, incorporate the Department of Health's environmental health disparities mapping tool, workforce development, contractor needs, and needed training curriculum. The TAG may recommend expanding the size of projects to buildings larger than 20,000 square feet, including schools, which could be paired with consolidated labor standards.

The TAG members must be appointed by Commerce, and Commerce must strive to represent the geographical diversity of the state in its appointments. Membership must consist of the following members, with specifications:

- seven members representing low-income and overburdened communities;
- three members representing labor and workforce;
- three members representing industry;
- two members representing utilities; and
- three members representing the environment.

To assist the TAG, the administrator must convene labor representatives, participating contractors, and other stakeholders to evaluate whether and how a workforce agreement could streamline project implementation where multiple funding sources have various program reporting requirements. In consultation with this evaluation, the TAG must make recommendations about how to ensure that projects supported by the Navigator Program pay workers at least the prevailing wage and ensure there is a path for small business and

minority and women-owned contractors to comply with the Navigator Program.

By December 1st of every year, the TAG must provide an implementation progress report on the Navigator Program to the Legislature.

Appropriation: The bill contains a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Regular Session 2024): PRO: The Navigator Program provides a much needed one-stop shop to help building owners determine what clean energy upgrades they qualify for and make it as easy as possible to make improvements. Overtime, it will help us identify gaps in our services, address challenges in overburdened communities, and target CCA investments. We will propose a substitute bill that updates dates and definitions and emphasizes outreach to overburdened communities. Work is slow in electric industry currently, but we've seen massive investments of federal and state dollars that would bring work to these families. The bill would create a process and system to distribute these funds to people that need it the most, create real jobs, remove carbon from the environment, and distribute funding in fair and predictable manner. There are barriers to getting clean energy incentives such as not translating information to preferred languages. The Navigator Program would partner with community groups and prioritize them, and connect with those who need the dollars the most. This bill is how people will benefit from CCA dollars. The Navigator Program is not a new idea. Other states have similar programs, and the bill will leverage those models. A lot of federal money is coming and Commerce envisions implementing the Navigator Program this year. Assessing programs becomes complex quickly without proper guidance. Washington can use the Navigator Program to maximize its return on investment from money already allocated.

CON: The idea has merit—matching homeowners to the multiple pools of money out there. But the bill has restrictive parameters and sets strings that do not exist in federal guidelines. The bill exempts a category of homeowners and businesses with natural gas or fossil fuel-based appliances, but we can make upgrades to natural gas systems to reduce energy burdens and GHG emissions. Federal funding explicitly allows for high efficiency natural gas appliances. We support some concepts of the legislation, but the program discriminates against a subset of customers by restricting federal funding for upgrades for high efficiency gas appliances. The navigator bill would function contradictory to its name by making it harder for natural gas customers to access information. The legislation is heavy on process and administration. The utilities currently have robust programs and relationships with

energy customers, rather than standing up an entirely new program it would make sense to work in concert with the utilities.

Persons Testifying: PRO: Representative Alex Ramel, Prime Sponsor; Liz Reichart, Washington State Department of Commerce (SEO); Rachel Koller, Shift Zero; Matthew Hepner, IBEW/CEWW; Dewi Ali, Emerald Cities Collaborative; Dave Buescher, American Institute of Architects WA Council.

CON: Charlie Brown, Cascade Natural Gas and NW Natural; John Rothlin, Avista; Natasha Jackson, Northwest Gas Association.

Persons Signed In To Testify But Not Testifying: No one.