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ENGROSSED SECOND SUBSTITUTE SENATE BILL 5649

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State of Washington

61st Legislature

2009 Regular Session

By Senate Ways & Means (originally sponsored by Senators Rockefeller, Hobbs, Pridemore, Kohl-Welles, Keiser, Fraser, Sheldon, Shin, McAuliffe, Kline, and Oemig)

READ FIRST TIME 03/02/09.

1 AN ACT Relating to achieving greater energy efficiency in  
2 buildings; amending RCW 70.164.020, 70.164.040, 70.164.050, and  
3 70.164.060; adding a new section to chapter 70.164 RCW; adding a new  
4 section to chapter 43.185 RCW; adding a new chapter to Title 70 RCW;  
5 creating new sections; and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** FINDINGS. (1) The legislature finds that  
8 improving energy efficiency in structures is one of the most cost-  
9 effective means to meet energy requirements, and that while there have  
10 been significant efficiency savings achieved in the state over the past  
11 quarter century, there remains enormous potential to achieve even  
12 greater savings. Increased weatherization and more extensive  
13 efficiency improvements in residential, commercial, and public  
14 buildings achieves many benefits, including reducing energy bills,  
15 avoiding the construction of new electricity generating facilities with  
16 associated climate change impacts, and creation of family-wage jobs in  
17 performing energy audits and improvements.

18 (2) The legislature recognizes that the Washington State University  
19 extension energy program is uniquely qualified to implement programs

1 consistent with the purposes of this act. Washington State University  
2 has nationally recognized experts in energy efficiency, renewable  
3 energy, energy technology, and program delivery.

4 (3) It is the intent of the legislature that financial and  
5 technical assistance programs be expanded to direct municipal, state,  
6 and federal funds, as well as electric and natural gas utility funding,  
7 toward greater achievement of energy efficiency improvements. To this  
8 end, the legislature establishes a policy goal of assisting in  
9 weatherizing twenty thousand homes and businesses in the state in each  
10 of the next five years. The legislature also intends to attain this  
11 goal in part through supporting programs that rely on community  
12 organizations and that there be maximum family-wage job creation in  
13 fields related to energy efficiency.

14 **PART 1**

15 **Energy Efficiency Improvement Program**

16 NEW SECTION. **Sec. 101.** DEFINITIONS. The definitions in this  
17 section apply throughout this chapter unless the context clearly  
18 requires otherwise.

19 (1) "Account" means the energy efficiency assistance account  
20 created in section 110 of this act.

21 (2) "Board" means the state board for community and technical  
22 colleges.

23 (3) "Credit enhancement" means instruments which enhance the  
24 security for the payment of the lender's obligations and includes, but  
25 is not limited to insurance, letters of credit, lines of credit, or  
26 other similar agreements.

27 (4) "Customers" means residents, businesses, and building owners.

28 (5) "Direct outreach" means:

29 (a) The use of door-to-door contact, community events, and other  
30 methods of direct interaction with customers to inform them of energy  
31 efficiency and weatherization opportunities; and

32 (b) The performance of energy audits.

33 (6) "Director" means the director of the energy efficiency  
34 assistance program created in section 102 of this act.

35 (7) "Energy audit" means an assessment of building energy  
36 efficiency opportunities, from measures that require very little

1 investment and without any disruption to building operation, normally  
2 involving general building operational measures, to low or relatively  
3 higher cost investment, such as installing timers to turn off  
4 equipment, replacing light bulbs, installing insulation, replacing  
5 equipment and appliances with higher efficiency equipment and  
6 appliances, and similar measures. The term includes an assessment of  
7 alternatives for generation of heat and power from renewable energy  
8 resources, including installation of solar hot water heating and  
9 equipment for photovoltaic electricity generation.

10 (8) "Energy efficiency and conservation block grant program" means  
11 the federal program created under the energy independence and security  
12 act of 2007 (P.L. 110-140).

13 (9) "Energy efficiency services" means energy audits,  
14 weatherization, energy efficiency retrofits, energy management systems  
15 as defined in RCW 39.35.030, and other activities to reduce a  
16 customer's energy consumption, and includes assistance with paperwork,  
17 arranging for financing, program design and development, and other  
18 postenergy audit assistance and education to help customers meet their  
19 energy savings goals.

20 (10) "Middle income" means household incomes that are between  
21 eighty and one hundred twenty percent of the area median income.

22 (11) "President" means the president of Washington State  
23 University.

24 (12) "Program" means the energy efficiency assistance program  
25 created in section 102 of this act.

26 (13) "Sponsor" means any entity or group of entities that submits  
27 a proposal under section 103 of this act, including but not limited to  
28 any nongovernmental nonprofit organization, local community action  
29 agency, community service agency, public service company, county,  
30 municipality, publicly owned electric, or natural gas utility.

31 (14) "Sponsor match" means the share, if any, of the cost of  
32 efficiency improvements to be paid by the sponsor.

33 (15) "State energy program" means the federal program created under  
34 the energy policy and conservation act (Title 42 U.S.C. Sec. 6321).

35 (16) "University" means Washington State University.

36 (17) "Weatherization" means making energy and resource conservation  
37 and energy efficiency improvements.

1           NEW SECTION.   **Sec. 102.**   ENERGY EFFICIENCY ASSISTANCE PROGRAM

2   CREATED.   (1) The energy efficiency assistance program is created  
3   within the extension energy program of Washington State University.  
4   The program must be managed by the director, who is appointed by the  
5   president.   The director must:

6           (a) Establish a process to award grants on a competitive basis  
7   using funds from the account;

8           (i) Grants must be used to:

9           (A) Conduct direct outreach;

10          (B) Deliver energy efficiency services; or

11          (C) Create credit enhancements, such as loan loss reserve funds as  
12   specified in section 107 of this act;

13          (ii) The allocation of grants funded by state energy program funds  
14   shall be prioritized as follows:

15          (A) Weatherization of residential structures for middle-income  
16   households, that are not eligible for weatherization assistance under  
17   chapter 70.164 RCW; and

18          (B) Weatherization of operations of commercial, industrial, and  
19   nonprofit entities that have reported an average of less than one  
20   million dollars of gross revenue annually in the preceding five years;

21          (iii) Grants must be matched, in amounts determined by the  
22   director, by resources provided by the sponsor;

23          (iv) If a match is required by the director, preference must be  
24   given to those grant applicants with higher ratios of resources  
25   provided by the sponsor to grant awards;

26          (b) Provide technical assistance:

27          (i) To grant recipients conducting direct outreach, delivering  
28   energy efficiency services, or providing financing assistance and  
29   services; and

30          (ii) For farm energy assessment activities as specified in section  
31   109 of this act;

32          (c) Cooperate and coordinate with the department of community,  
33   trade, and economic development and those entities providing energy  
34   audit and energy efficiency services and training to maximize the  
35   assistance provided in the program, avoid duplication of existing  
36   programs, and encourage:

37          (i) The use of service delivery models by grant recipients that  
38   have proven effective in existing programs; and

1 (ii) The development of geographic information about direct  
2 outreach to be shared between grant recipients and low-income  
3 weatherization providers to minimize duplication in targeting  
4 customers;

5 (d)(i) Distribute a minimum of sixty percent of program funding as  
6 grants, at least seventy-five percent of which must be prioritized for  
7 programs that provide both direct outreach and delivery of energy  
8 efficiency services;

9 (ii) Distribute a minimum of twenty percent of program funding for  
10 technical assistance and training resource moneys as specified in  
11 section 401 of this act, up to five hundred thousand dollars per year;

12 (iii) Distribute a maximum of ten percent of program funding for  
13 credit enhancements, using criteria as developed in subsection (4) of  
14 this section;

15 (e) Retain a maximum of five percent of program funds for program  
16 administration and the administrative overhead of the university; and

17 (f) Create an appliance efficiency rebate program with available  
18 funds from the energy efficient appliances rebate program authorized  
19 under the federal energy policy act of 2005 (P.L. 109-58).

20 (2) The director shall adopt guidelines addressing best practices  
21 for direct outreach and energy efficiency services and avoiding  
22 duplication of such services.

23 (3) The program must offer assistance to sponsors to develop and  
24 design effective energy efficiency services programs.

25 (4) The director, in consultation with the department of financial  
26 institutions, shall develop criteria regarding the extent which funds  
27 will be provided for the purposes of credit enhancements under  
28 subsection (1)(d)(iii) of this section and set forth principles for  
29 accountability for financial institutions receiving funding for credit  
30 enhancements.

31 (5) The director shall require any financial institution or other  
32 entity receiving funding for credit enhancements to:

33 (a) Provide books, accounts, and other records in such a form and  
34 manner as the director may require;

35 (b) Identify a loan loss reserve that is sufficient to cover  
36 projected loan losses which are not guaranteed by the United States  
37 government; and

38 (c) Identify any other credit enhancements.

1 (6)(a) If a sponsor match is required by the director, a sponsor  
2 may elect to: (i) Pay a sponsor match as a lump sum at the time of  
3 weatherization; or (ii) make yearly payments to the account over a  
4 period not to exceed ten years. If a sponsor elects to make yearly  
5 payments, the value of the payments may not be less than the value of  
6 the lump sum payment that would have been made under (a)(i) of this  
7 subsection.

8 (b) A sponsor may use its own moneys, including corporate or  
9 ratepayer moneys, or moneys provided by landlords, charitable groups,  
10 government programs, the Bonneville power administration, or other  
11 sources to pay the sponsor match.

12 (c) The director may permit a sponsor to meet its match requirement  
13 in whole or in part through providing labor, materials, or other in-  
14 kind expenditures.

15 NEW SECTION. Sec. 103. GRANTS AUTHORIZED. (1) The director shall  
16 solicit grant applications from sponsors. The director may provide  
17 grants that fully or partially fund a sponsor's proposal. The director  
18 shall require the following in the grant application:

19 (a) The amount requested from the account;

20 (b) The amount of the sponsor match;

21 (c) The entities participating as sponsors and any entities that  
22 will provide administrative support, direct outreach, energy efficiency  
23 services, or financing assistance and services;

24 (d) A demonstration of effective fiscal accountability measures;

25 (e) Performance measures by which to assess the monetary and energy  
26 savings of proposed efficiency projects following project completion;

27 (f) A work plan detailing the means and methods by which the  
28 sponsor will carry out the required direct outreach or energy  
29 efficiency services;

30 (g) Convincing evidence that a sponsor providing energy efficiency  
31 services will be capable of helping customers achieve a savings-to-  
32 investment ratio of at least one over a payback period of twenty years,  
33 subject to the useful life of the improvements;

34 (h) Convincing evidence of a sponsor's capacity to create or  
35 maintain living-wage jobs located within the geographic area reached by  
36 the sponsor's proposal;

1 (i) Convincing evidence that the sponsor will be able to  
2 efficiently and expeditiously provide direct outreach or energy  
3 efficiency services, including details on the sponsor's proposed hiring  
4 practices, means of oversight of employees or contractors, and the use  
5 of quality control measures; and

6 (j) Any other information required by the director.

7 (2) The director shall allocate funds appropriated from the account  
8 among proposals accepted or accepted in part so as to achieve the  
9 greatest possible expected monetary and energy savings by energy  
10 consumers and shall, to the extent feasible, ensure a balance of  
11 participation for (a) geographic regions in the state; (b) types of  
12 fuel used for heating; (c) owner-occupied and rental residences; and  
13 (d) single-family and multifamily dwellings. The director may allocate  
14 funds to a nonutility sponsor without requiring a sponsor match if the  
15 director determines that such an allocation is necessary to provide the  
16 greatest benefits to middle-income residents of the state.

17 NEW SECTION. **Sec. 104.** EXPEDITED GRANTS IN 2009. (1) The  
18 legislature finds that conducting energy audits and performing  
19 efficiency improvements in residences and commercial structures creates  
20 family-wage jobs and will stimulate local economies where this work is  
21 conducted. Therefore, the legislature directs that where  
22 appropriations are made to the account specifically for the purpose of  
23 expedited grants, the director shall accord priority to making such  
24 grants over all other duties in the program. The director shall award  
25 grants within the time frame set by the federal government under the  
26 programs providing the funding for these activities. The director  
27 shall develop and utilize expedited grant procedures to ensure both  
28 compliance with federal program requirements and the legislature's goal  
29 of providing prompt stimulation to local economies.

30 (2) By November 1, 2009, the director shall report to the  
31 appropriate fiscal and policy committees in the senate and house of  
32 representatives on the status of grant awards under this section. The  
33 report may be combined with that made by the department of community,  
34 trade, and economic development under section 206 of this act.

35 NEW SECTION. **Sec. 105.** PILOT GRANTS FOR COMMUNITY-WIDE URBAN  
36 RESIDENTIAL AND COMMERCIAL EFFICIENCY UPGRADES. (1) The legislature

1 finds that comprehensive energy efficiency retrofits in the residential  
2 and smaller commercial markets are significantly underutilized due in  
3 part to the complex set of decisions that property owners face when  
4 securing an energy audit, arranging for financing, and obtaining a  
5 contractor to perform the retrofit work. While these retrofits have  
6 previously been viewed as primarily benefiting the property owner with  
7 energy cost savings, the additional benefits of the avoided costs of  
8 new energy generation and the environmental and climate benefits of  
9 reduced carbon emissions call for new ways of reaching residential and  
10 business building owners to deliver energy efficiency services.  
11 Therefore, the purpose of this section is to encourage programs that  
12 will combine utility, government, and private investments in  
13 residential and commercial building energy efficiency upgrades, with a  
14 community-based outreach component to overcome the hurdles that  
15 property owners face in considering these upgrades.

16 (2)(a) The director shall award not less than three grants for  
17 programs that:

18 (i) Provide assistance for energy audits and energy efficiency  
19 related improvements to structures owned by or used for residential,  
20 commercial, or nonprofit purposes in specified urban neighborhoods  
21 where the objective is to achieve a high rate of participation among  
22 building owners within the pilot area;

23 (ii) Utilize volunteer support to reach out to potential customers  
24 through the use of community-based institutions;

25 (iii) Employ qualified energy auditors to perform the energy audits  
26 using recognized retrofit measures that are cost-effective;

27 (iv) Select and provide oversight of contractors to perform  
28 retrofit work. The contractors must agree to participate in quality  
29 control and efficiency training, pay prevailing wages, meet minimum  
30 apprentice utilization standards, and hire from the community in which  
31 the program is located; and

32 (v) Work with customers to secure financing for their portion of  
33 the project and apply for and administer utility, public, and  
34 charitable funding provided for energy audits and retrofits.

35 (b) Priority must be given to grant applicants that can secure a  
36 sponsor match of at least one dollar for each dollar awarded.



1           NEW SECTION.   **Sec. 106.**   PROMOTING THE INVOLVEMENT OF FINANCIAL  
2 INSTITUTIONS IN FINANCING ENERGY EFFICIENCY PROJECTS--FINDINGS AND  
3 INTENT.   (1) The legislature finds that the creation and use of risk  
4 reduction mechanisms will promote greater involvement of local  
5 financial institutions and other financing mechanisms in funding energy  
6 efficiency improvements and will achieve greater leverage of state and  
7 federal dollars. Risk reduction mechanisms will allow financial  
8 institutions to lend to a broader pool of applicants on more attractive  
9 terms, such as potentially lower rates and longer loan terms. Placing  
10 a portion of funds in long-term risk reduction mechanisms will support  
11 a sustained level of energy efficiency investment by financial  
12 institutions while providing funding to projects quickly.

13           (2) It is the intent of the legislature to leverage new federal  
14 funding aimed at promoting energy efficiency projects, improving energy  
15 efficiency, and increasing family wage jobs. To this end, the  
16 legislature intends to invest a portion of all federal funding, subject  
17 to federal requirements, for energy efficiency projects in financial  
18 mechanisms that will provide for maximum leverage of financing.

19           NEW SECTION.   **Sec. 107.**   PROMOTING THE INVOLVEMENT OF FINANCIAL  
20 INSTITUTIONS IN FINANCING ENERGY EFFICIENCY PROJECTS.   (1) Local  
21 municipalities receiving federal stimulus moneys through the federal  
22 energy efficiency and conservation block grant program are authorized  
23 to use those funds, subject to federal requirements, to establish loan  
24 loss reserves or toward risk reduction mechanisms, such as loan loss  
25 reserves, to leverage financing for energy efficiency projects.

26           (2) Interest rate subsidies, financing transaction cost subsidies,  
27 capital grants to energy users, and other forms of grants and  
28 incentives that support financing energy efficiency projects are  
29 authorized uses of federal energy efficiency funding.

30           NEW SECTION.   **Sec. 108.**   PROMOTING THE INVOLVEMENT OF STATE-  
31 CHARTERED BOND AUTHORITIES IN FINANCING ENERGY EFFICIENCY PROJECTS.

32           (1) The legislature finds that the state bond authorities have  
33 capacities that can be applied to financing energy efficiency projects  
34 for their respective eligible borrowers: Washington economic  
35 development finance authority for industry; Washington state housing  
36 finance commission for single-family and multifamily housing, and

1 nonprofit facilities; Washington higher education facilities authority  
2 for private, nonprofit higher education; and Washington health care  
3 facilities authority for hospitals and all types of health clinics.

4 (2)(a) Subject to federal requirements, the state bond authorities  
5 may accept and administer an allocation of the state's share of the  
6 federal energy efficiency funding for designing energy efficiency  
7 finance loan products and for developing and operating energy  
8 efficiency finance programs. The state bond authorities shall  
9 coordinate with the program on the design of the bond authorities'  
10 program.

11 (b) The director of the program may make allocations of the federal  
12 funding to the state bond authorities and may direct and administer  
13 funding for outreach, marketing, and delivery of energy services to  
14 support the programs by the state bond authorities.

15 (c) The legislature authorizes a portion of the federal energy  
16 efficiency funds to be used by the state bond authorities for credit  
17 enhancements and reserves for such programs.

18 (3) The Washington state housing finance commission may:

19 (a) Issue revenue bonds as the term "bond" is defined in RCW  
20 43.180.020 for the purpose of financing loans for energy efficiency and  
21 renewable energy improvement projects in accordance with RCW  
22 43.180.150;

23 (b) Establish eligibility criteria for financing that will enable  
24 it to choose applicants who are likely to repay loans made or acquired  
25 by the commission and funded from the proceeds of federal funds or  
26 commission bonds; and

27 (c) Participate fully in federal and other governmental programs  
28 and take such actions as are necessary and consistent with chapter  
29 43.180 RCW to secure to itself and the people of the state the benefits  
30 of programs to promote energy efficiency and renewable energy  
31 technologies.

32 NEW SECTION. **Sec. 109.** FARM ENERGY ASSESSMENTS. (1) The  
33 legislature finds that increasing energy costs put farm viability and  
34 competitiveness at risk and that energy efficiency improvements on the  
35 farm are the most cost-effective way to manage these costs. The  
36 legislature further finds that current on-farm energy efficiency

1 programs often miss opportunities to evaluate and conserve all types of  
2 energy, including fuels and fertilizers.

3 (2) The director, in consultation with the department of  
4 agriculture, shall form an interdisciplinary team of agricultural and  
5 energy extension agencies to develop and offer new methods to help  
6 agricultural producers assess their opportunities to increase energy  
7 efficiency in all aspects of their operations. The interdisciplinary  
8 team must develop and deploy:

9 (a) Online energy self-assessment software tools to allow  
10 agricultural producers to assess whole-farm energy use and to identify  
11 the most cost-effective efficiency opportunities;

12 (b) Energy auditor training curricula specific to the agricultural  
13 sector and designed for use by agricultural producers, conservation  
14 districts, agricultural extensions, and commodity groups;

15 (c) An effective infrastructure of trained energy auditors  
16 available to assist agricultural producers with on-farm energy audits  
17 and identify cost-share assistance for efficiency improvements; and

18 (d) Measurement systems for cost savings, energy savings, and  
19 carbon emission reduction benefits resulting from efficiency  
20 improvements identified by the interdisciplinary team.

21 (3) The director shall seek to obtain additional resources for this  
22 section from federal and state agricultural assistance programs and  
23 from other sources.

24 NEW SECTION. **Sec. 110.** ACCOUNT CREATED. The energy efficiency  
25 assistance account is created in the state treasury. Except for  
26 appropriations and federal funds that must be used for low-income  
27 weatherization assistance pursuant to chapter 70.164 RCW, a minimum of  
28 thirty million dollars of all federal funds received pursuant to the  
29 federal American recovery and reinvestment act of 2009 (P.L. 111-5),  
30 the federal energy independence and security act of 2007 (P.L. 110-  
31 140), the federal energy policy and conservation act (Title 42 U.S.C.  
32 Sec. 6321), and the energy efficient appliance rebate program  
33 authorized by the federal energy policy act of 2005 (P.L. 109-58), and  
34 any other future appropriations in excess of levels of federal fiscal  
35 year 2008 for these programs, for the purpose of assisting with energy  
36 efficiency assessments, audits, or improvements must be deposited in  
37 the account. Other funds, gifts, grants, and endowments from public or

1 private sources, in trust or otherwise, may be directed into the  
2 account. Any moneys received from sponsor match payments must be  
3 deposited in the account. Moneys in the account may be spent only  
4 after appropriation. Expenditures from the account may be used only  
5 for the purposes of this chapter.

6 **PART 2**

7 **Low-Income Weatherization Programs**

8 **Sec. 201.** RCW 70.164.020 and 1995 c 399 s 199 are each amended to  
9 read as follows:

10 (~~Unless the context clearly requires otherwise,~~) The definitions  
11 in this section apply throughout this chapter unless the context  
12 clearly requires otherwise.

13 (1) "Department" means the department of community, trade, and  
14 economic development.

15 (2) "Energy (~~assessment~~) audit" means an analysis of a dwelling  
16 unit to determine the need for cost-effective energy conservation  
17 measures as determined by the department.

18 (3) "Household" means an individual or group of individuals living  
19 in a dwelling unit as defined by the department.

20 (4) "Low income" means household income (~~that is at or below one~~  
21 ~~hundred-twenty-five percent of the federally established poverty~~  
22 ~~level~~) as defined by the department, provided that the definition does  
23 not exceed eighty percent of median household income, adjusted for  
24 household size for the county where the dwelling unit to be weatherized  
25 is located.

26 (5) "Nonutility sponsor" means any sponsor other than a public  
27 service company, municipality, public utility district, mutual or  
28 cooperative, furnishing gas or electricity used to heat low-income  
29 residences.

30 (6) "Residence" means a dwelling unit as defined by the department.

31 (7) "Sponsor" means any entity that submits a proposal under RCW  
32 70.164.040, including but not limited to any local community action  
33 agency, tribal nation, community service agency, or any other  
34 participating agency or any public service company, municipality,  
35 public utility district, mutual or cooperative, or any combination of  
36 such entities that jointly submits a proposal.

1 (8) "Sponsor match" means the share(~~(, if any,)~~) of the cost of  
2 weatherization to be paid by the sponsor.

3 (9) "Sustainable residential weatherization" or "weatherization"  
4 means (~~(materials or measures, and their installation, that are used to~~  
5 ~~improve — the — thermal — efficiency — of — a — residence)~~) using moneys  
6 administered by the department to preserve a dwelling unit occupied by  
7 a low-income household for activities and materials that result in  
8 energy and resource conservation and energy efficiency improvements;  
9 repair, indoor air quality, and health and safety investments; and  
10 client education. To the extent feasible, moneys must be used to  
11 support and advance sustainable technologies.

12 (10) "Weatherizing agency" means any approved department grantee,  
13 tribal nation, or any public service company, municipality, public  
14 utility district, mutual or cooperative, or other entity that bears the  
15 responsibility for ensuring the performance of weatherization of  
16 residences under this chapter and has been approved by the department.

17 **Sec. 202.** RCW 70.164.040 and 1987 c 36 s 4 are each amended to  
18 read as follows:

19 (1) The department shall solicit proposals for low-income  
20 weatherization programs from potential sponsors. A proposal shall  
21 state the amount of the sponsor match, the amount requested (~~(from the~~  
22 ~~low-income weatherization assistance account)~~), the name of the  
23 weatherizing agency, and any other information required by the  
24 department.

25 (2)(a) A sponsor may use its own moneys, including corporate or  
26 ratepayer moneys, or moneys provided by landlords, charitable groups,  
27 government programs, the Bonneville power administration, or other  
28 sources to pay the sponsor match.

29 (b) Moneys provided by a sponsor pursuant to requirements in this  
30 section shall be in addition to and shall not supplant any funding for  
31 low-income weatherization that would otherwise have been provided by  
32 the sponsor or any other entity enumerated in (a) of this subsection.

33 (c) No proposal may require any contribution as a condition of  
34 weatherization from any household whose residence is weatherized under  
35 the proposal.

36 (d) Proposals shall provide that full levels of all cost-effective,

1 structurally feasible, — sustainable — residential — weatherization  
2 materials, measures, and practices, as determined by the department,  
3 shall be installed when a low-income residence is weatherized.

4 (3)(a) The department may in its discretion accept, accept in part,  
5 or reject proposals submitted. The department shall allocate funds  
6 appropriated from the low-income weatherization assistance account  
7 among proposals accepted or accepted in part so as to:

8 (i) Achieve the greatest possible expected monetary and energy  
9 savings by low-income households and other energy consumers ((and))  
10 over the longest period of time;

11 (ii) Identify and correct, to the extent practical, health and  
12 safety problems for residents of low-income households; and

13 (iii) Leverage, to the extent feasible, environmentally friendly  
14 sustainable technologies, practices, and designs.

15 (b) The department shall, to the extent feasible, ensure a balance  
16 of participation in proportion to population among low-income  
17 households for: ((+a)) (i) Geographic regions in the state; ((+b))  
18 (ii) types of fuel used for heating, except that the department shall  
19 encourage the use of energy efficient sustainable technologies; ((+c))  
20 (iii) owner-occupied and rental residences; and ((+d)) (iv) single-  
21 family and multifamily dwellings.

22 (c) The department shall give priority to weatherize dwelling units  
23 occupied by low-income households with incomes at or below one hundred  
24 twenty-five percent of the federally established poverty level.

25 (d) The department may allocate funds to a nonutility sponsor  
26 without requiring a sponsor match if the department determines that  
27 such an allocation is necessary to provide the greatest benefits to  
28 low-income residents of the state.

29 (4)(a) A sponsor may elect to: (i) Pay a sponsor match as a lump  
30 sum at the time of weatherization, or (ii) make yearly payments to the  
31 low-income weatherization assistance account over a period not to  
32 exceed ten years. If a sponsor elects to make yearly payments, the  
33 value of the payments shall not be less than the value of the lump sum  
34 payment that would have been made under (a)(i) of this subsection.

35 (b) The department may permit a sponsor to meet its match  
36 requirement in whole or in part through providing labor, materials, or  
37 other in-kind expenditures.

38 (5) The department shall adopt rules to carry out this section.

1       **Sec. 203.** RCW 70.164.050 and 1987 c 36 s 5 are each amended to  
2 read as follows:

3       (1) The department is responsible for ensuring that sponsors and  
4 weatherizing agencies comply with the state laws, the department's  
5 rules, and the sponsor's proposal in carrying out proposals.

6       (2) Before a residence is weatherized, the department shall require  
7 that an energy ((assessment)) audit be conducted.

8       (3) To the extent possible, the department shall maximize available  
9 federal funding for weatherization projects.

10       **Sec. 204.** RCW 70.164.060 and 1987 c 36 s 6 are each amended to  
11 read as follows:

12       Before a leased or rented residence is weatherized, written  
13 permission shall be obtained from the owner of the residence for the  
14 weatherization. The department shall adopt rules to ensure that: (1)  
15 The benefits of weatherization assistance ((in connection with a leased  
16 or — rented — residence)), including utility bill reduction and  
17 preservation of affordable housing stock, accrue primarily to low-  
18 income tenants occupying a leased or rented residence; (2) as a result  
19 of weatherization provided under this chapter, the rent on the  
20 residence is not increased and the tenant is not evicted; and (3) as a  
21 result of weatherization provided under this chapter, no undue or  
22 excessive enhancement occurs in the value of the residence. This  
23 section is in the public interest and any violation by a landlord of  
24 the rules adopted under this section shall be an act in trade or  
25 commerce violating chapter 19.86 RCW, the consumer protection act.

26       NEW SECTION. **Sec. 205.** A new section is added to chapter 70.164  
27 RCW to read as follows:

28       The department shall coordinate with the Washington State  
29 University energy efficiency assistance program created in section 102  
30 of this act in order to maximize the extension of weatherization  
31 assistance across low-income and middle-income households. To the  
32 extent allowable under federal requirements, the department shall  
33 maximize the amount of funding directed to weatherization services of  
34 low-income housing. The department may solicit proposals for low and  
35 middle-income weatherization projects, if providing funding  
36 specifically for additional projects. The department shall determine

1 a priority ranking system for determining the order of preference for  
2 projects for low and middle-income households. In determining the  
3 ranking, the department must give first priority to low-income  
4 households that are at or below eighty percent of the state area median  
5 income.

6 NEW SECTION. **Sec. 206.** EXPEDITED LOW-INCOME HOUSEHOLD ENERGY  
7 AUDIT PROGRAM GRANTS IN 2009. (1) The legislature finds that  
8 conducting energy audits and performing efficiency improvements in low-  
9 income households creates family-wage jobs and will stimulate local  
10 economies where this work is conducted. Therefore, the legislature  
11 directs that where appropriations are made to the low-income  
12 weatherization assistance program as part of a federal economic  
13 stimulus, the department of community, trade, and economic development  
14 shall award grants as quickly as practical for maximum community  
15 economic benefit within the parameters stipulated with the funding.

16 (2) By November 1, 2009, the department of community, trade, and  
17 economic development shall report to the appropriate fiscal and policy  
18 committees in the senate and house of representatives on the status of  
19 grant awards under this section. The report may be combined with that  
20 made by the director of the energy efficiency assistance program under  
21 section 104 of this act.

22 **PART 3**  
23 **Consolidation of Weatherization Programs**

24 NEW SECTION. **Sec. 301.** It is the intent of the legislature that  
25 all state administered building weatherization programs are conducted  
26 to provide the greatest efficiency in terms of administrative  
27 processes, economies of scale, institutional memory, and institutional  
28 competence. The legislature also intends by this act to expand state  
29 administered building weatherization programs to provide services not  
30 only to low-income residents in the state, but also to middle-income  
31 residences, farms, commercial buildings, public buildings, public  
32 agencies, and other institutions.

33 NEW SECTION. **Sec. 302.** (1) The department of community, trade,



1 and economic development and the Washington State University energy  
2 extension program shall review:

3 (a) Low-income weatherization programs, as authorized under chapter  
4 70.164 RCW, weatherization, weatherization services, and energy  
5 efficiency programs administered by the state;

6 (b) The low-income energy assistance program funded by the federal  
7 government pursuant to the federal low-income energy assistance act  
8 (Title 42 U.S.C. 8623 et seq.);

9 (c) Weatherization and energy efficiency programs funded by private  
10 entities, utilities, the federal government, and other entities; and

11 (d) Administrative and overhead costs incurred by weatherization  
12 and energy efficiency programs.

13 (2) By July 1, 2010, the department of community, trade, and  
14 economic development and the Washington State University energy  
15 extension program shall provide to the governor and the appropriate  
16 committees of the legislature a report with findings from the review  
17 required in subsection (1) of this section and recommendations for the  
18 coordination of the state's energy efficiency and weatherization  
19 programs, including the low-income energy assistance and low-income  
20 weatherization programs under chapter 70.164 RCW and the weatherization  
21 program created in section 102 of this act.

22 (a) The recommendations must include:

23 (i) Identification of best practices and opportunities to  
24 consolidate and create efficiencies and economies of scale;

25 (ii) Identification of legislative action necessary to maximize the  
26 state's receipt of funding for weatherization and energy efficiency  
27 purposes; and

28 (iii) Identification of methods to minimize costs through  
29 coordination and potential consolidation of programs.

30 (b) If the report finds that administrative efficiencies may best  
31 be achieved by the transition of functions from one state agency or  
32 entity to another, then the recommendations must also include:

33 (i) Identification of statutory changes necessary to ensure an  
34 expeditious and efficient transition with the least programmatic  
35 disruption; and

36 (ii) A timeline for the process that includes methods to phase and  
37 synchronize the transition of administrative procedures, records,

1 files, and staff in accordance with the goals and intent of this  
2 chapter.

3 **PART 4**

4 **Training Programs for Energy Efficiency Jobs**

5 NEW SECTION. **Sec. 401.** WORKFORCE TRAINING FOR THE PERFORMANCE OF  
6 ENERGY AUDITS AND RETROFITS. (1) The legislature finds that it is in  
7 the interest of building owners, building residents, and the state that  
8 energy audits and energy efficiency services be performed in a manner  
9 that is both consistent with current best practices and that provides  
10 increased occupational skills, education, and training to workers in  
11 the state. The director, in collaboration with the board, the  
12 workforce training and education coordinating board, the employment  
13 security department, the Washington state building and construction  
14 trades council, the Washington state apprenticeship and training  
15 council, and the office of the superintendent of public instruction,  
16 shall identify the necessary skills and qualifications required to  
17 perform the energy audits and energy efficiency services authorized  
18 under this act.

19 (2) The board shall work with the Washington state apprenticeship  
20 and training council and the office of the superintendent of public  
21 instruction, to jointly develop, by June 30, 2010, curricula and  
22 training programs, to include on-the-job training, classroom training,  
23 and safety and health training, for the development of the skills and  
24 qualifications identified by the director under subsection (1) of this  
25 section.

26 (3) Training resource moneys may be provided from the account for  
27 the following purposes:

28 (a) To develop and deploy curricula and training programs in  
29 accordance with subsection (2) of this section;

30 (b) For the expansion of existing high school, community and  
31 technical college, journey level skills improvement and apprenticeship  
32 training programs, and community-based training programs providing  
33 energy audit and energy efficiency services training;

34 (c) For the implementation of new training programs developed under  
35 the terms of this chapter;

1 (d) To supplement internship and apprenticeship programs using  
2 curricula developed under subsection (2) of this section; and

3 (e) For other training activities identified by the director to  
4 supplement and expand the skills of the existing workforce.

5 (4) The director shall direct the delivery of education and  
6 training resource moneys as necessary to meet demands for jobs, giving  
7 priority in distribution of training resource moneys to those  
8 educational programs that can provide convincing evidence that they are  
9 able to provide the requisite skills education and training  
10 expeditiously.

11 (5) The board shall target a portion of any federal stimulus  
12 funding received to ensure commensurate capacity for high employer  
13 demand programs of study developed under this section. To that end,  
14 the director must coordinate with the workforce training and education  
15 coordinating board, the state board for community and technical  
16 colleges, or other appropriate state agency in the application for and  
17 receipt of such funding that may be made available through the federal  
18 youthbuild program, workforce investment act, job corps, or other  
19 relevant federal programs.

20 (6) The Washington apprenticeship and training council shall  
21 evaluate the potential of existing apprenticeship and training programs  
22 that would produce workers with the skills needed to conduct energy  
23 audits and provide energy efficiency services and deliver their  
24 findings to the director and the appropriate committees of the  
25 legislature as soon as possible, but no later than January 18, 2010.

26 (7) The director shall direct funding to programs that provide  
27 skills education and training services to underserved and disadvantaged  
28 communities in the state, in accordance with RCW 43.330.310. This may  
29 include, but is not limited to, at-risk youth seeking employment  
30 pathways out of poverty and into economic self-sufficiency. The  
31 director shall consult with the employment security department to  
32 create a strategy to ensure that the workers who receive training under  
33 these programs are provided with the type of employment opportunities  
34 contemplated by this chapter.

35 (8) The board shall provide an interim report to the appropriate  
36 committees of the legislature by December 1, 2011, and a final report  
37 by December 1, 2013, detailing the effectiveness of, and any

1 recommendations for improving, the worker training curricula and  
2 programs established in this section.

3 NEW SECTION. **Sec. 402.** UNEMPLOYED WORKERS. Community and  
4 technical colleges that enroll unemployed workers into the relevant  
5 curricula and training programs indicated in this act shall receive  
6 funding as indicated in section 4, chapter . . . , Laws of 2009 (section  
7 4 of Substitute Senate Bill No. 5809).

8 NEW SECTION. **Sec. 403.** DESIGNATION OF WORKFORCE TRAINING PROGRAMS  
9 FOR THE PERFORMANCE OF ENERGY AUDITS AND RETROFITS. (1) Existing  
10 curricula and training programs or programs provided by community and  
11 technical colleges in the state developed under section 401 of this act  
12 must be recognized as programs of study under RCW 28B.50.273.

13 (2) Subject to available funding, the board may grant enrollment  
14 priority to persons who qualify for waiver under RCW 28B.15.522 and who  
15 enroll in curricula and training programs provided by community or  
16 technical colleges in the state that have been developed in accordance  
17 with section 401 of this act.

18 **PART 5**

19 **Energy Efficiency in Publicly Funded Housing**

20 NEW SECTION. **Sec. 501.** A new section is added to chapter 43.185  
21 RCW to read as follows:

22 ENERGY AUDITS AND RETROFITS IN PUBLICLY FUNDED HOUSING. (1) The  
23 legislature finds that growing preservation and rehabilitation needs in  
24 the housing trust fund property portfolio provide opportunities to  
25 advance energy efficiency and weatherization efforts for low-income  
26 individuals in Washington state while protecting the state's six  
27 hundred million dollars in affordable housing investments.  
28 Preservation of existing affordable housing, when done in conjunction  
29 with weatherization activities, is a cost-effective, prudent, and  
30 environmentally friendly strategy to ensure that low-income housing  
31 remains durable, safe, and affordable. Therefore, the legislature  
32 intends that where federal funds are available for increasing and  
33 improving energy efficiency of low-income housing that these funds

1 shall be utilized, subject to federal requirements, for energy audits  
2 and implementing energy efficiency measures in the state housing trust  
3 fund real estate portfolio.

4 (2) The department shall review all housing properties in the  
5 housing trust fund real estate portfolio and identify those in need of  
6 major renovation or rehabilitation. In its review, the department  
7 shall survey property owners for information including, but not limited  
8 to, the age of the building and the type of heating, cooling, plumbing,  
9 and electrical systems contained in the property. The department shall  
10 prioritize all renovation or rehabilitation projects identified in the  
11 review by the department's ability to:

12 (a) Achieve the greatest possible expected monetary and energy  
13 savings by low-income households and other energy consumers over the  
14 greatest period of time;

15 (b) Promote the greatest possible health and safety improvements  
16 for residents of low-income households; and

17 (c) Leverage, to the extent feasible, technologically advanced and  
18 environmentally friendly sustainable technologies, practices, and  
19 designs.

20 (3) Subject to the availability of amounts appropriated for this  
21 specific purpose, the department shall use the prioritization of  
22 potential energy efficiency needs and opportunities in subsection (2)  
23 of this section to make offers of energy audit services to project  
24 owners and operators. The department shall use all practicable means  
25 to achieve the completion of energy audits in at least twenty-five  
26 percent of the properties in its portfolio that exceed twenty-five  
27 years in age, by June 30, 2011. Where the energy audits identify cost-  
28 effective weatherization and other energy efficiency measures, the  
29 department shall accord a priority within appropriated funding levels  
30 to include funding for energy efficiency improvements when the  
31 department allocates funding for renovation or rehabilitation of the  
32 property.

33 **PART 6**  
34 **Miscellaneous**

35 NEW SECTION. **Sec. 601.** Sections 101 through 110 and 401 through  
36 403 of this act constitute a new chapter in Title 70 RCW.

1        NEW SECTION.   **Sec. 602.**   Captions and part headings used in this  
2 act are not any part of the law.

3        NEW SECTION.   **Sec. 603.**   If any provision of this act or its  
4 application to any person or circumstance is held invalid, the  
5 remainder of the act or the application of the provision to other  
6 persons or circumstances is not affected.

7        NEW SECTION.   **Sec. 604.**   This act is necessary for the immediate  
8 preservation of the public peace, health, or safety, or support of the  
9 state government and its existing public institutions, and takes effect  
10 immediately.

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