

Guidelines for RCW 19.405.120

These guidelines provide background for the work that is directed under [RCW 19.405.120](#), which addresses the need to understand, assess, and expand energy assistance to low-income households, especially those with high energy burden, through electric utility programs and funding as part of the Clean Energy Transformation Act ([Chapter 19.405 RCW](#)).

Background on Data Collection

Pursuant to RCW 19.405.120(2), all Washington state electric utilities must make programs and funding available for energy assistance to low-income households by July 31, 2021.

As part of this work, RCW 19.405.120(3)(b) directs utilities to provide data on low-income energy assistance programs to the Department of Commerce (Commerce) every two years starting on July 31, 2020. This data includes:

- (i) The amount and type of energy assistance and the number and type of households, if applicable, served for programs administered by the utility;
- (ii) The amount of money passed through to third parties that administer energy assistance programs; and
- (iii) Subject to availability, any other information related to the utility's low-income assistance programs that is requested by the department.

In parallel with the data collection process, Commerce will aggregate and publish statewide data under 19.405.120(3)(a) on the following:

- (i) The estimated number and demographic characteristics of households served by energy assistance for each utility and the dollar value of the assistance;
- (ii) The estimated level of energy burden and energy assistance need among customers served, accounting for household income and other drivers of energy burden;
- (iii) Housing characteristics including housing type, home vintage, and fuel types; and
- (iv) Energy efficiency potential.

Where possible, these data should include geographic attributes.

Background on Assessment Report

As directed in 19.405.120(4), utilities must submit a biennial report to Commerce that includes an assessment of:

- (i) The programs and mechanisms used by the utility to reduce energy burden and the effectiveness of those programs and mechanisms in both short-term and sustained energy burden reductions;

- (ii) The outreach strategies used to encourage participation of eligible households, including consultation with community-based organizations and Indian tribes as appropriate, and comprehensive enrollment campaigns that are linguistically and culturally appropriate to the customers they serve in vulnerable populations; and
- (iii) A cumulative assessment of previous funding levels for energy assistance compared to the funding levels needed to meet: (A) Sixty percent of the current energy assistance need, or increasing energy assistance by fifteen percent over the amount provided in 2018, whichever is greater, by 2030; and (B) ninety percent of the current energy assistance need by 2050.

The assessment must also include a plan to improve the effectiveness of the assessed mechanisms and strategies toward meeting the energy assistance need as established by Commerce or the Washington Utilities and Transportation Commission (Commission).

Commerce will collect the first set of reports on July 31, 2021.

Technical Advisory Groups

Commerce will create two technical advisory groups to provide guidance and support to the work in RCW 19.405.120.

The Data Technical Advisory Group (Data TAG) will help Commerce field questions during data collection and advise on guidelines for utility data reporting. For example, the Data TAG may advise on the manner and form for collecting utility data.

The Assessment Report Technical Advisory Committee (Report TAG) will support Commerce's work on creating guidelines and addressing questions for the utility reports due on July 31, 2021. For example, the Report TAG may help define appropriate methods for assessing the effectiveness of an energy assistance mechanism.

Timeline of Upcoming Work

The following table lays out both statutory and proposed dates for work provided in RCW 19.405.120.

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|--------------------|---|
| May 2020 | Data Technical Advisory Group first meeting |
| July 31, 2020† | Utilities begin to submit data for RCW 19.405.120(3)(b)* Commerce aggregates data for RCW 19.405.120(3)(a) |
| November 1, 2020 | Utility data collection ends |
| December 31, 2020 | Commerce posts aggregated data |
| January-March 2021 | Outreach and workshops on assessment report |

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|----------------|--|
| Spring 2021 | Assessment Report Technical Advisory Group first meeting |
| July 31, 2021‡ | <p>Utilities must make programs and funding available for energy assistance to low-income households</p> <p>Assessment reports under RCW 19.405.120(4) due to Commerce</p> |

†19.405.120(3)

‡19.405.120(2)

*The data provided for compliance under RCW 19.405.120 in 2020 will be collected from the time period January 1, 2019 through December 31, 2019.

Definitions

CETA directs the Commission and Commerce to established definitions related to implementation of RCW 19.405.120. Previously, the Commission and Commerce received stakeholder input regarding energy assistance in response to Notices and Opportunities to Provide Comment on Oct. 4, 2019, and Nov. 8, 2019, respectively, and hosted a joint workshop on Jan. 28, 2020. These definitions are the results comments received through those public processes.

Energy assistance need

RCW 19.405.020(16): "Energy assistance need" means the amount of assistance necessary to achieve a level of household energy burden established by the department or commission.

Scope

This definition is used in the requirement for utilities to demonstrate progress in providing energy assistance to low-income households with high energy burden. It establishes a baseline to determine which households are considered to have high energy burden under RCW 19.405. The established level of energy burden effectively sets an affordability level for home energy bills. Utilities will use this affordability level to estimate the funding levels of energy assistance that would be needed to make home energy bills affordable for all customers as part of the report in 19.405.120(4)(a)(iii).

Commerce guidelines

Commerce set the threshold for determining energy assistance need at six percent energy burden. This definition comes from a widely accepted principle that total shelter costs should not exceed 30 percent of income and that utility costs should not exceed 20 percent of those shelter costs, leading to the

conclusion that an affordable energy burden should be at or below six percent of household income ($20\% \times 30\% = 6\%$).^{1,2,3,4}

Low income

RCW 19.405.020(25): "Low-income" means household incomes as defined by the department or commission, provided that the definition may not exceed the higher of 80 percent of area median household income or two hundred percent of the federal poverty level, adjusted for household size.

Scope

The threshold for "low-income" affects utilities and their customers in implementing RCW 19.405.120 by establishing which households will be considered low-income.

Commerce guidelines

For the purposes of data collection, Commerce will collect information on any utility program that uses either the 200 percent FPL or 80 percent AMI threshold as a basis for eligibility. Moving forward, Commerce will leverage ongoing research in poverty reduction to ensure that this work aligns with other priorities across the state. Commerce will establish a specific definition for low-income by Dec. 31, 2020, to implement the requirement that utilities make programs and funding available for energy assistance to low-income households by July 31, 2021.

Energy burden

"Energy burden" means the share of annual household income used to pay annual home energy bills.

Scope

RCW 19.405.020(17) defines "energy burden" as shown above.

Commerce guidelines

Energy burden for the purposes of 19.405.120 RCW can be calculated using the following formula:

$$\text{energy burden} = \frac{\text{annual home energy expenses}}{\text{annual household income}}$$

Energy burden is limited to expenses for residential or domestic purposes. This includes any fuel source for energy (i.e. electricity, natural gas, propane, heating oil, wood, etc.) and excludes non-energy utilities and transportation-related energy expenses. To the extent feasible, it excludes electricity expenses for electric vehicle charging, home businesses or shops, and agricultural or irrigation purposes.

¹ The 6% affordability threshold is based on Fisher, Sheehan and Colton's Home Energy Affordability Gap Analysis. For more information, see www.homeenergyaffordabilitygap.com/.

² *Understanding Energy Affordability*, ACEEE Policy Brief, September 9, 2019, <https://aceee.org/sites/default/files/energy-affordability.pdf>

³ U.S. Department of Energy, Energy Efficiency and Renewable Energy Office, "Clean Energy for Low Income Communities Accelerator Fact Sheet", <https://betterbuildingssolutioncenter.energy.gov/sites/default/files/attachments/Better%20Buildings%20Clean%20Energy%20for%20Low%20Income%20Communities%20Accelerator%20Factsheet.pdf>

⁴ Department of Energy, 2018. Biennial Energy Report, Chapter 7. <https://energyinfo.oregon.gov/ber>

The calculation of annual household income should follow the method used by the Low-Income Heating and Energy Assistance Program (LIHEAP)⁵, which includes a summation of pre-tax income for all members of the household.

**Please send any questions or comments about this document to Sarah Vorpahl
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⁵ See LIHEAP Income Guidelines on CETA website: <https://www.commerce.wa.gov/ceta/>