

Building energy resilience for vulnerable households

An opportunity to assess community need

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Washington State
Department of
Commerce

We strengthen communities



**HOUSING
HOMELESSNESS**



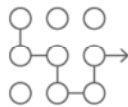
INFRASTRUCTURE



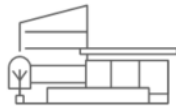
**BUSINESS
ASSISTANCE**



ENERGY



PLANNING



COMMUNITY FACILITIES



**CRIME VICTIMS &
PUBLIC SAFETY**

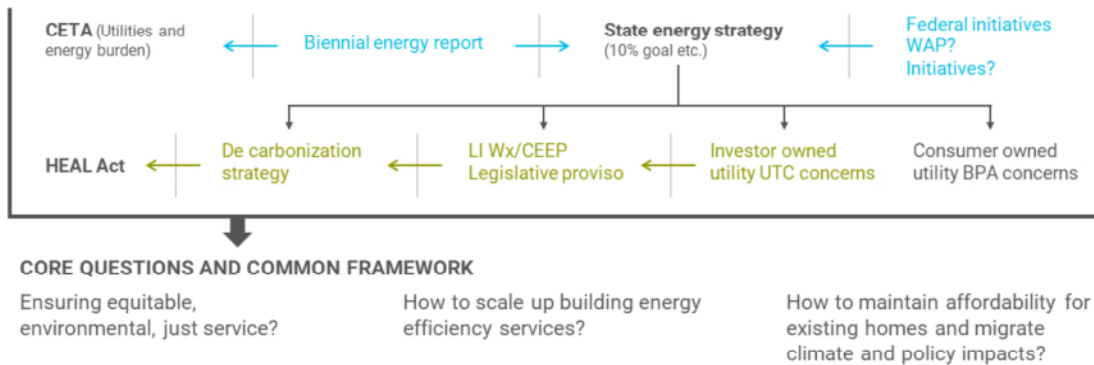


**COMMUNITY
SERVICES**

Commerce's mission is to strengthen communities across the state. We are a community and economic development agency. We strengthen communities by working with local governments, business and civic leaders through a diverse array of programs including funding community capital facilities, providing services to crime victims, and support to low-income home owners, and small businesses.

Separate initiatives or coordinated strategy

Assessing needs and capacity to build energy resilience for vulnerable and hard to reach communities



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Commerce is interested in looking across building energy programs, initiatives and policies as a system that delivers services to vulnerable and hard to reach communities.

These include federal and state-sponsored programs, which are also impacted by energy-related state initiatives, policy priorities and strategies around transforming how we produce and use energy resources, and the interest in aligning these efforts to support the shift to a clean energy economy. The assessment will focus on the residential building energy sector, and the vulnerable and hard to reach populations and communities these programs and initiatives touch.

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- First – this is not just about low income weatherization. Low income weatherization and EPIC and Energy Division services are in a complex ecology for Legislative, Governor's Office and Commerce directives and priorities.
- CETA and other drivers are also raising utility and UTC concerns about the reach and cost-effectiveness of Low Income Weatherization models
- There is are significant additional federal resources from infrastructure bill to DOE WAP ~\$55-60 million.

Core Questions

- How could **building energy efficiency** and GHG reduction services to vulnerable and hard to reach populations and communities be significantly scaled up in Washington State?
 - What do existing programs and delivery system contribute?
 - How could existing programs and delivery systems contribute more?
 - **What other programs/policies and systems are needed?**
- How to ensure vulnerable populations and communities are equitably served, and not adversely affected, by existing and proposed building energy efficiency and GHG reduction initiatives?
 - How to more effectively focus funding, program, and policy on the most economically vulnerable and climate impacted populations and communities?

Building energy resilience

A focus on energy efficiency and affordability for existing homes

PROGRAMS AND SERVICES

- Low income weatherization
- CEEP (Moderate/HTR)
- Utility weatherization
- Energy assistance (LIHEAP)
- Energy assistance (Utility)
- Building standards (Existing)

PROVIDERS

- Low income network
- Contractors
- Tribes
- Utilities
- New entities/Non-profits
- Local governments (Standards)
- ???

For this assessment project, Commerce has determined that the scope should be limited to energy programs and services that are delivered to existing residential buildings, through the providers that serve that sector.

- **Focus On Energy Services to Existing Residential Buildings**
 - Exclude Transportation, New Construction, Transmission and Distribution
 - Include Residential Renewables and Decarbonization (similar issues)
 - Energy Assistance (mitigation strategy)
 - Housing Affordability (link but not focus)
- **Providers (LI Network, Utilities and their network, Non-profits, Local Government)**
 - Deeper attention to Commerce directed funds and activities
- **Mechanisms**
 - Include regulation/mandates and codes (critical for reaching rental properties)

Identifying vulnerable households and communities

- Includes low and moderate income, historically underserved (race and ethnicity) and hard-to-reach or serve households (renters, multi-family, non-utility fuels)
- Vulnerable communities have greater climate risks or environmental health disparities
- What is the Washington profile of need based on existing eligibility definitions and metrics?
- Clean Energy Transformation Act definitions
 - 200% Federal Poverty Levels (FLP) or 80% Average Median Income (AMI)
 - "Higher energy burden" is defined as households paying more than 6% of income for building energy costs

Are these definitions adequate? Who is left out?

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- **Vulnerable and hard to reach households** include the low and moderate income, the historically underserved (race and ethnicity), and hard to reach or serve households (renters, multi-family, non-utility fuels)
- **Vulnerable communities** include areas with greater climate or environmental health disparity exposures and risks
- What is the Washington State profile of need based on **existing eligibility definitions and metrics**?
 - Clean Energy Transformation Act
 - 200% Federal Poverty Levels or 80% Average Median Income
 - Higher energy burden defined as households paying more than 6% of income for building energy costs
 - Washington Department of Health Cumulative Impact Indexes
- **Are these definitions adequate? Who is left out?**
- **Explain Washington Department of Health Cumulative Impact Indexes**
 - Use existing program eligibility definitions and performance metrics for the initial profiles
 - Describe the size of the gap and what would be needed to serve all currently qualified vulnerable households
 - Describe how these definitions and profiles of need vary across the state. The need profile of central Washington is very different from Central Puget

Sound.

- As this needs assessment is focused on Building Energy Services – a primary orientation of profiles should be on factors related to the building – structure and how these factors may have systematic impacts on access and availability of building energy services to vulnerable populations and Communities.
- Assess the adequacy and limitations of these definitions
 - The intention would not be update or change federal or CETA definitions - but to identify places where additional resources and focus will be needed in the long haul
 - Near low and low – moderate income households should be included in the profile.

Mapping the gap

Many vulnerable households and communities aren't receiving building energy resilience services.

- Washington has more than 750,000 Income Qualified Households (200% of FPL)
- Less than 5% of qualifying households receive services to reduce building energy use
- Less than 33% of qualifying households receive direct financial assistance to reduce energy burdens
- Few targeted services and resources are available to income limited but not income qualified households

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- **750,000 Income Qualified Households (200% of FPL) in Washington**
 - More than one million if you include income limited households (<250% of FPL)
- **<5% of Income Qualified Households receive ANY services to reduce building energy use**
 - Low Income Weatherization: Comprehensive weatherization services to 2,000 to 3,000 households a year (< .3 %)
 - Participation of income qualified households in most utility efficiency incentive programs is also limited
 - CETA data will help quantify the baseline
- **< 33% of income qualified households receive direct financial assistance to reduce energy burdens**
 - 67,000 (FY 18-19) to 90,000 (FY 20 – 21) households received LIHEAP Energy Assistance payments each year
 - 200-300,000 may receive some form direct financial assistance through utility managed rate discounts, utility energy assistance, and voluntary programs
 - CETA data will help quantify the baseline

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- **Existing state and federal funded low income weatherization delivers significant benefits to a narrow slice of households in need** (highest burden household– full scope weatherization/low barrier/owner-occupied units)
 - Typical network production is 2,000 – 3,000 units a year (but currently at 1,500 units)
 - Absent major state and federal policy changes – the best outcome is returning pre-pandemic production
 - Maintaining production will require increased funding (measure and delivery/compliance cost have increased more than 30% in the last three years)
- **Utilities have financial and regulatory constraints**
 - Rebate incentives are insufficient to allow lower income households to participate in capital intensive measures; Low income people opt for EA over out-of-pocket \$ services
 - Financing models have limited applicability and pose severe disproportionate downside risks
 - Energy cost effectiveness and limits on valuing non-energy benefits
 - Ability to address health and safety

Consultant deliverables

1 Profile

Map the needs from:

- Geography
- Population
- Buildings

2 Strategy

Identify strengths and limitations

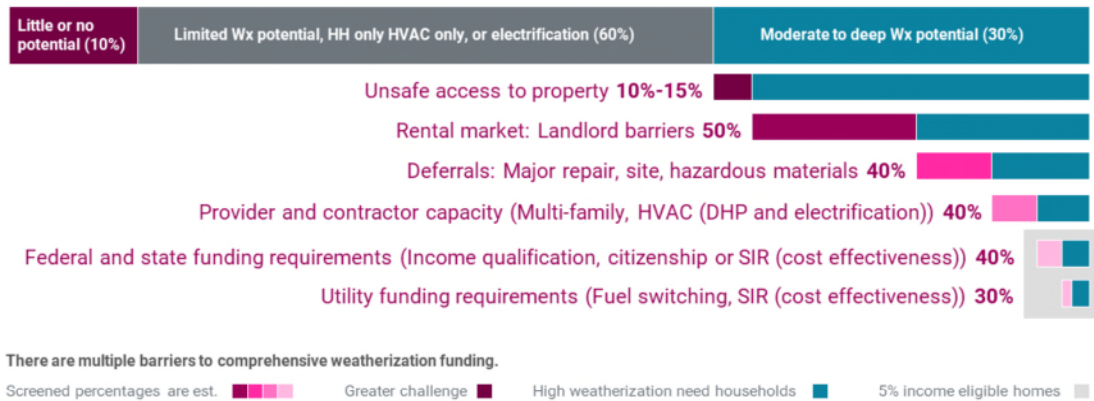
3 Analysis

How to align?
What to retain?
What to strengthen?
What to change?
What to create?
Where to innovate?

- **Where are the needs and opportunities?**
 - Geographic: vulnerable communities
 - Population: race, ethnicity, language, disabled, income
 - Building: ownership, building type, energy efficiency needs, state of repair
- **What are the strengths and limitations of existing system infrastructure and resources?**
 - Policies
 - Mechanisms: direct assistance, Wx grant, rebates, financing, regulation/codes, etc
 - Delivery system capacity
 - Funding
- **Where are the gaps, constraints and opportunities?**
- **What is the road map to more and more equitable delivery of building energy efficiency service to vulnerable communities and populations?**
 - For changing policy?
 - Making new investments?
 - Building or strengthening capacity

Low income weatherization in Washington state 2019

Households under 200% FPL (~700,000 households)



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Initial estimates of potential and achievable potential (to be verified):

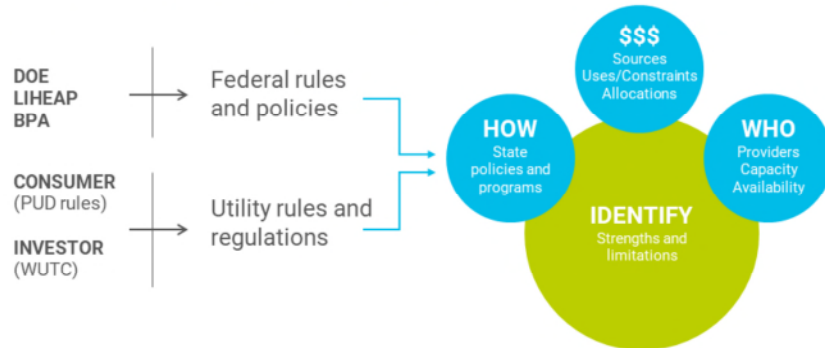
- Households under 200% FPL (US Census American Community Survey)
- Weatherization potential (2017 RBSA for single family adjusted)
- Rental barriers (Census data and agency experience)
- Deferral rates (Agency estimates)
- Agency capacity (2020 WIDs data)
- Understanding and articulating where and why the gaps between need and delivery occur.
- Example: Comprehensive Weatherization
- All programs and providers face similar challenges and barriers

Overall strategy

● Existing data

● Consultant work

Use existing data and research to map the system and policies
(not individual programs and providers)



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- **We need to look at the whole system**

- Mapping the system, not just specific programs such as comprehensive low income weatherization services
- Assess strengths and opportunity and challenges and limits.
- Look realistically at what is, and identify where that State of Washington has agency

- **Starting Points**

- More \$ to existing system
- Existing delivery systems are seriously constrained
- How is the critical question?
- Better targeting has a cost

Purpose

Equitable delivery of building energy services will help us serve more homes and vulnerable households and communities.

- Building / strengthening capacity
- New investments
- New policies and approaches

GAP ASSESSMENT

- Performance history
- Leverage

INNOVATION MAP

- Cool ideas/Best practice
- Political will

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Project timeline

RFP timeline:

- February 2022: Release RFP
- March 31, 2022: Proposals due
- June 1, 2022: Expected work start date

This is a multi-year effort.

- 6-9 months for assessment work and preliminary findings
- 6-9 months for detailed recommendations and road map

Roles

WSU Energy Program

- Clarifies the question and scope of work
- Develops a clear proposal (RFP)
- Helps Commerce find an outside consultant
- Supports the consultant (data and context)

Commerce

- Finances project
- Issues RFP
- Manages RFP contract
- Provides content, data and contacts
- Conducts stakeholder engagement

Next steps

- **Public comments due by** noon Feb. 1, 2022, to Amanda.Rains@commerce.wa.gov
- Comments should focus on intent of study and critical questions to ensure Commerce has captured all applicable programs and/or content.
- RFP is currently under development and is expected to be issued Feb. 15.

Questions?

- We will address the questions we receive here. If you want your comments on the record, please submit them to Commerce in writing.

Resources

- **2021 Washington State Energy Strategy**
 - [Chapter A Equity](#)
 - [Chapter D Buildings](#) (see Recommendation 2.5)
- **Clean Energy Transition Act**
 - [Overview](#)
 - [Compliance Reporting](#) (see Clean Energy Implementation Plan and Energy Assistance (Section 120) reporting)
- **Washington State Department of Health — Environmental Health Disparities**
 - [DOH Vulnerable Communities](#)
- **HEAL Act — Resources**
- **Commerce-managed programs**
 - [Weatherization Programs](#)
 - [Low-Income Home Energy Assistance Program \(LIHEAP\)](#)

This slide provides links to background resources.
More links and resources will be available when the RFP is released

Thank you!



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