

# MEMORANDUM



TO: Thurston Climate Mitigation Collaborative Executive Committee  
FROM: Thurston Climate Mitigation Collaborative Staff Team:  
Linsey Fields, City of Lacey  
Pamela Braff, City of Olympia  
Alyssa Jones Wood, City of Tumwater  
Rebecca Harvey, Thurston County  
DATE: January 8, 2024  
SUBJECT: 2024 Regional Initiatives

### Requested Action

Discuss and provide feedback on the proposed project plans and budget for the 2024 TCMC Regional Initiatives.

### Background

#### 2024 Regional Initiatives

During the 2023 Thurston Climate Mitigation Collaborative (TCMC) Annual Retreat and subsequent Executive Committee (EC) meeting, the TCMC agreed to advance two regional initiatives for focused regional coordination in 2024:

1. Develop and launch and Residential Energy Efficiency and Electrification Campaign (EEE Campaign); and
2. Develop and propose a regional Home Energy Score Disclosure Policy (HES Policy).

The development of a regional EEE Campaign and HES Policy have been contemplated by the TCMC and community stakeholders for several years as high-impact actions for reducing greenhouse gas (GHG) emissions and reducing residential energy costs, particularly for low-to-moderate income (LMI) households and overburdened communities. Both concepts were elevated at the 2023 Annual Retreat as top-priority initiatives for 2024 because they directly align with Strategies B1 and B6 in the Thurston Climate Mitigation Plan (TCMP) and were determined to be substantially improved by regional coordination. In addition, both initiatives could help local residents better leverage forthcoming state and federal policies and funding opportunities.

#### Regional Initiatives Process

The process for selecting and implementing a regional initiative is described in the [TCMC Regional Implementation Guidance](#), which was adopted in 2023 as Exhibit A to the [TCMC Interlocal Agreement](#).<sup>i</sup> The process includes five main steps:

1. The Staff Team works with the Community Advisory Workgroup (CAW) and Executive Committee (EC) to prepare proposals for regional initiatives.
2. The Staff Team, CAW, and EC convene during the TCMC Annual Retreat to discuss and select a regional initiative for further work.
3. The Staff Team develops a project plan, timeline, and budget to implement the regional initiative.
4. Jurisdiction Partners allocate staff time and resources to implement the regional initiative.
5. If Jurisdiction Partners allocate the necessary resources, the Staff Team begins work on the regional initiative.

Steps 1-3 have been completed. The next step is for the jurisdiction partners to approve an Interlocal Agreement for the 2024 Regional Initiatives. The Staff Team will then begin to implement the regional initiatives as described in the corresponding project plans (*Attachments A and B*). An estimated budget for both 2024 Regional Initiatives is included in *Attachment C*.

### Attachments

- *Attachment A: Residential Energy Efficiency and Electrification Campaign Project Plan*
- *Attachment B: Residential Home Energy Score Disclosure Policy Project Plan*
- *Attachment C: 2024 Regional Initiatives Budget*

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<sup>i</sup> The Interlocal Agreement and Regional Guidance document, TCMC meeting materials, and other documents can be found at [www.thurstoncountywa.gov/climate](http://www.thurstoncountywa.gov/climate) until a new collaborative website is developed in 2024.

# Residential Energy Efficiency and Electrification Campaign: Phase I - Design and Planning

## Background

Retrofitting existing homes with electric and energy-efficient upgrades is a necessary strategy to meet local, state, and global GHG reduction targets. Residential energy use is currently the largest source of GHG emissions in the Thurston region, and emissions from residential natural gas consumption increased by 21% between 2015 and 2021. While newer buildings may be constructed to meet greener standards, the majority of homes in the Thurston region were built before 1988, with one in five dating back 50 or more years. The Washington 2021 State Energy Strategy identifies the need for early and aggressive action to improve energy efficiency in buildings and recommends widespread conversion of fossil fuel natural gas appliances to electricity. By transitioning homes away from fossil fuels to electricity now, we lower the residential sector's emissions today and in the future.

The 2022 Inflation Reduction Act (IRA) includes a suite of rebates and incentives to help households implement electrification and efficiency improvements, with a special focus on LMI households. Households will be able to take advantage of upfront rebates and tax credits to reduce the costs of electric appliances, such as heat pumps and heat-pump hot water heaters. According to the Department of Commerce website, "Washington expects to receive IRA funding for home energy improvement rebates in early 2024 and will begin to make these available no earlier than mid-2024."<sup>1</sup> The State Legislature also appropriated additional funding to support these programs.

The IRA has the potential to kickstart widespread residential decarbonization. However, many homeowners are unaware of electric technologies and their benefits, and may not know how to take advantage of the forthcoming rebates. Even those who are aware still face barriers to implementation including high upfront costs, lack of specific localized information, and limited technical support to guide them along the way. The regional utility, Puget Sound Energy (PSE), offers some energy-efficiency rebates and is conducting a 2023 electrification pilot to help up to 10,000 customers throughout the service area transition to electric space conditioning and water heating. However, given the limited reach of this pilot and the high upfront costs of heat pumps, additional local incentives and outreach are needed to make electric technologies accessible to all residents.

## **ALIGNMENT WITH STATE AND REGIONAL EFFORTS**

### ***Washington Energy Navigator***

In the 2023 WA state legislative session, House Bill 1391 proposed to create a statewide building energy upgrade navigator program that would assist homeowners with electrification and energy efficiency services. The bill has been amended and reintroduced for the 2024 session, and the Department of

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<sup>1</sup> <https://www.commerce.wa.gov/growing-the-economy/energy/federal-funding-for-buildings/#:~:text=When%20will%20home%20energy%20rebates,to%20be%20available%20in%202024> (accessed Nov. 17, 2023)

Commerce has initiated stakeholder engagement to develop the “Washington Energy Navigator.” However, even if HB 1391 is adopted during the 2024 session, the statewide Navigator would launch too late for households to access the IRA rebates/incentives that are coming in mid-2024. Rather than waiting for the state to develop its program, the local governments of the TCMC aim to launch initial components of the EEE Campaign in early 2024 while designing and planning the full campaign launch for January 2025.

### ***Regional “Switch Is On” Pilot***

The TCMC is aligning with a broader regional effort that will accelerate the launch of the first component of the EEE campaign. King, Pierce, and Thurston counties, and the county seats of Seattle, Tacoma, and Olympia are pooling funds to launch a “Switch Is On” pilot in January 2024. The Building Decarbonization Coalition’s Switch Is On (SIO) initiative, currently active in California at [www.switchison.org](http://www.switchison.org), aims to educate, inspire, and make switching to electricity easier for homeowners and renters. The regional SIO pilot will feature an educational website with information and resources about heat pumps and electric appliances, a newsletter and blog, and tools to find incentives and local contractors. The website rollout will be accompanied by a regional outreach campaign including a kickoff event for local leaders, contractor and community events, social media, and paid media.

By pooling funds to launch the SIO pilot, the counties and cities will be able to deliver an educational platform of higher quality and with more outreach support than each could afford individually. In addition, the SIO campaign will provide a regionally consistent approach, so each jurisdiction does not need to reinvent the wheel for outreach and education. The SIO platform will be flexible and allow for the addition of local features, such as an advisory support service and specific local incentives. These additional features could be added to the platform as the TCMC builds out its local EEE Campaign in 2024-2025.

*The SIO pilot is advancing along its own timeline in 2024 and is not included in this project plan.*

### ***Energize Olympia***

The EEE Campaign will build on the success of the City of Olympia’s recent outreach and incentive program. In Summer 2023, the city launched a heat pump group purchase pilot program (Energize Olympia) to increase community awareness of the benefits of heat pump technology and increase local installations of air source heat pumps. The pilot program resulted in the installation of 67 efficient, all-electric heat pumps in the City of Olympia, including 22 fully subsidized installations for LMI households. This EEE Campaign will expand Energize Olympia to provide a wider range of services and incentives for all residents of Thurston County.

## **EEE Campaign Goals and Structure**

The TCMC’s Energy Efficiency and Electrification Campaign (EEE Campaign) will be a multifaceted outreach and incentive program to advance electrification and energy efficiency in existing residential buildings throughout the Thurston region. By working together to design, plan, and implement an EEE campaign in 2024-2025, the TCMC aims to achieve the following goals:

- Build and evaluate a foundational, holistic program to accelerate residential building electrification and energy efficiency in support of Thurston Climate Mitigation Plan (TCMP) goals and targets.
- Deliver a compelling and accessible educational campaign to raise awareness of the climate, health, and economic benefits of building electrification and energy efficiency among broad segments of the Thurston community.
- Support energy equity by prioritizing program benefits to LMI residents, renters, and members of overburdened communities.
- Launch and evaluate the effectiveness of an energy advisory service that provides residents personalized, step-by-step technical guidance and support for home energy upgrades.
- Connect a quantifiable number of residents with information about technologies, incentives, and advisory support services (*specific target numbers TBD based on final program design and budget*).
- Implement a quantifiable number of home electrification and efficiency improvements across the participating jurisdictions during the campaign period (*specific target numbers TBD based on final program design and budget*).
- Maintain program flexibility to respond and adapt to regional, state, and national clean energy programs and investments, with the aim of ensuring ongoing benefits to Thurston residents.

To meet these goals, the TCMC aims to advance a residential EEE campaign consisting of three main components:

**Component A: Web-Based Information Hub (Anticipated Launch: January 2024)**

A foundational component of the EEE Campaign is a website that educates users about electric and energy-efficient technologies, provides access to IRA rebates and incentives, and connects users with location-based information about vetted contractors and local incentives. As described above, Thurston County and Olympia are contributing to launch a pilot “Switch Is On” (SIO) web platform, which will fulfill this foundational component of the local EEE Campaign. The pilot SIO website will serve all of Thurston, Pierce, and King counties. It will be branded with the logos of the funding partners, and Thurston County will disseminate marketing materials to the other TCMC jurisdictions to share with their residents. As such, all residents of Thurston County communities will be able to access the resource.

TCMC partners will participate in a regional (tri-county) outreach campaign in 2024 to raise community awareness about the benefits of electrification and energy efficiency and steer users to the central information hub. Over time, as the TCMC develops Components 2 and 3 of the EEE Campaign, these components will be integrated into the foundational SIO platform. SIO will collect and report metrics on the SIO pilot campaign to evaluate the impact of the pilot. Metrics may include website usage, social media engagement, event attendance, incentive and contractor searches by zip code, quotes received from contractors, and rebates received for completed projects.

Over the course of the SIO pilot (January – December 2024), the partner jurisdictions will continue to coordinate with statewide stakeholders to adapt the platform as needed in response to development of the statewide Washington Energy Navigator.

**Component B: Advisory Support Service (Anticipated Launch: April 2024)**

The TCMC recognizes that an information hub alone is not sufficient to change consumer behavior. The TCMC aims to augment the information hub with a personalized support service to make the information more relevant and actionable for individual residents. Thus, the second component of the EEE Campaign is an advisory support service that consists of one-on-one personalized support (email, phone, and/or video calls) to answer technical questions and help residents plan and complete home electrification and energy efficiency upgrades. This component will also include the development of an online “personal electrification planning” (PEP) tool for customized, step-by-step recommendations to support residents throughout the electrification process. The PEP tool will allow users to create personalized, actionable home electrification guides, based on their personal interests, priorities, and upgrade needs. This component will be integrated into the foundational SIO web platform. The service provider will collect and report data from the advisory support service and/or PEP tool to understand residents’ use of these services, quantify energy upgrade actions, and evaluate its impact.

### **Component C: Local Incentive & Outreach Campaign (Anticipated Launch: January 2025)**

***With the foundational website and advisory support service both aiming to launch in early 2024, the core of this 2024 (Phase I) Project Plan focuses on designing and planning the Local Incentive & Outreach Campaign. The Campaign Launch and Implementation will take place in 2025 under Phase II of this regional initiative.***

The local campaign will be for a specific period of time (such as a few months) and will include targeted financial incentives, customer support, and intensive outreach and marketing. The goal is to galvanize consumer action and remove barriers to home electrification and energy efficiency, resulting in a quantifiable number of home assessments and/or upgrades for LMI and non-LMI households. As noted, this campaign will build on the model of Energize Olympia to provide a wider range of services and incentives for all residents of Thurston County

During this 2024 Design and Planning Phase, the TCMC will conduct background research and stakeholder engagement to inform development of the specific incentives, outreach strategy, and other implementation support that will be provided. The team will identify the types of services and technologies that will be covered (e.g., energy assessments, heat pumps, weatherization upgrades), determine incentive amounts for LMI and/or non-LMI participants, and develop a funding strategy for the incentives. The team will also consider existing rebates and incentives, including forthcoming state and federal incentives, to ensure the program leverages additional funding to the greatest extent possible.<sup>2</sup>

Once the campaign is designed, the TCMC will move into planning for the launch of the campaign as detailed in the timeline below. The launch and implementation will take place during Phase II in 2025.

## Anticipated Funding Sources

Thurston County and the cities of Olympia and Lacey are eligible for formula allocations through the federal Energy Efficiency & Block Grant (EECBG) program (\$81,040, \$112,030, and \$150,000,

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<sup>2</sup> Many programs to administer IRA rebates and incentives are still under development. Further information regarding the final program design and requirements will be needed to fully leverage the anticipated funding.

respectively). The EECBG is a flexible funding source that is intended to catalyze long-term, impactful, and self-sustaining programs that improve energy efficiency, reduce energy use, and reduce fossil fuel emissions. Thurston County and Olympia have agreed to apply their EECBG grant funding toward the development and launch of the EEE Campaign; Lacey will apply a budget amount equivalent to its EECBG allocation towards the EEE Campaign as well. EECBG grants are expected to be awarded in mid-2024 with a two-year period of performance. The City of Tumwater, as well as other Thurston County municipalities, do not meet the population threshold to be eligible for EECBG formula funding. The City of Tumwater applied for competitive EECBG funding in 2023 but the funding request was not awarded. TCMC partners are thus seeking other funding sources to scale the program and support participants throughout the smaller cities and unincorporated Thurston County.

The budget for Phase I – Design and Planning will be split among the four jurisdictions and paid out of each jurisdiction’s internal budget. See attached 2024 Regional Initiatives Budget for details on the Phase I budget. The 2025 budget for Phase II – Launch and Implementation will be developed during the 2024 planning phase. The Phase II budget will be paid out of EECBG funds and augmented by any supplementary funding identified during the planning phase. The TCMC Staff Team are looking into potential sources of supplementary funding, which may include jurisdictional budgets, Community Development Block Grant (CDBG) funding (only Olympia and Thurston County currently receive CDBG allotments), EECBG State distribution, and/or Local Government Energy Programs from the federal DOE.

*Note: The Switch Is On pilot will be funded separately from this Phase I project. Thurston County and the City of Olympia each plan to contribute \$25,000 toward the total pilot budget of \$225,000, with additional contributions from King County, Pierce County, Seattle, and Tacoma.*

## Roles of the Staff Team and Partner Jurisdictions

### **Project Management**

The project manager and co-manager are responsible for managing all Phase I project activities detailed below. The co-managers will request support from the other TCMC Staff Team members as needed.

- Project Manager: Rebecca Harvey, Thurston County Climate Mitigation Senior Program Manager
- Project Co-Manager: Dominic Jones, City of Olympia Building Decarbonization Program Manager

### **Contracting**

The City of Olympia will be responsible for procuring and managing third-party contractors to provide professional services during Phase I, which may include developing requests for proposals and/or qualifications, developing scopes of work and contracts, managing deliverables, and other related tasks. The City of Olympia will issue invoices to each jurisdiction for their share of expenses.

Contracting and cost-sharing responsibilities will be specified in the forthcoming interlocal agreement (ILA) for 2024 regional initiatives.

For Phase II - Launch and Implementation of the EEE Campaign, project team roles and responsibilities, (including potential external partners) will be defined during design and development of the Phase II Plan (see Step 3, Task 3.3 below) and will be included in the Phase II ILA.



## Project Activities, Timeline, and Deliverables

### Phase I - Design and Planning of the Residential Energy Efficiency & Electrification Campaign

This timeline includes activities of the TCMC Staff Team to implement Component B (the advisory support service) and to design and plan Component C (the local incentive and outreach campaign).

*Component A, the regional Switch Is On Pilot, is advancing along its own timeline in 2024 and is not included in this project plan.*

*Phase II – Launch and Implementation of the EEE Campaign will take place in 2025 under a new Phase II project plan.*

### Component B: Advisory Support Service

#### Step 1: Launch Advisory Support Service (January – September 2024)

*During this project step, the partners will procure a technical support provider and launch an advisory support service that will be integrated into the foundational Switch Is On (SIO) web platform. The advisory support will include “low-touch” support via email, plus “high-touch” support via phone and video calls to a maximum number of users per year (see details in 2024 Regional Initiatives Budget). It will also include an online personalized electrification planning (PEP) tool that will be integrated into the foundational SIO website. The TCMC will evaluate the impact of the service after the first year to determine whether to continue it into Phase II.*

#### Tasks:

##### 1.1. Background Research

- Research Advisory Support Service providers
- Assess possibility of integrating service and personal electrification planning (PEP) tool into the SIO web platform

##### 1.2. Contract with Advisory Support Service

##### 1.3. Launch PEP Tool

- The precise method for integrating the online PEP tool into the SIO website will be determined in consultation with the service provider and the Building Decarbonization Coalition. For example, access to the PEP tool may be offered as a local incentive for Thurston County residents when they enter their zip code.

##### 1.4. Launch Advisory Support Service

- This technical assistance service will also be integrated into the SIO platform for Thurston County residents to access as described above. Service will consist of unlimited “low-touch” support via email and “high-touch” support (phone and video calls) for a maximum of 200 calls in 2024.

##### 1.5. Evaluate Advisory Support Service

- Evaluate the first 4-5 months of advisory support service by tracking numbers of low-touch and high-touch interactions, and other key metrics to be determined.
- Evaluate the first 4-5 months of PEP tool implementation via data and reporting on usage, actions, interests, completed upgrades, savings, emissions reductions, etc.



*Step 1 Deliverables:*

- Contract with Advisory Support Service provider
- Launch of Advisory Support Service and PEP Tool
- Memo evaluating Advisory Support Service for potential inclusion in Phase II interlocal agreement

**Component C: Local Incentive & Outreach Campaign**

**Step 2: Background Research and Stakeholder Engagement (January – June 2024)**

*During this project step, the partners will execute the Phase I interlocal agreement, conduct background research on the energy market and existing incentive programs, identify potential campaign partners, and conduct a community forum to present the EEE Campaign concept and garner feedback.*

*Tasks:*

- 2.1 Execute interlocal agreement (ILA) for 2024 regional initiatives.
  - ILA will cover the planning phase of both “policy” and “campaign” components of the 2024 regional initiative.
- 2.2 Market Assessment
  - Examine local energy metrics, including USDOE and NREL data analysis tools as needed, to inform campaign development.
- 2.3 Program and Incentive Research
  - Research current and past incentive programs for home energy efficiency and electrification.
    - Federal and State Home Energy Rebates (Inflation Reduction Act)
    - Puget Sound Energy Home Electrification Assessments
    - Puget Sound Energy Home Efficiency Rebate Programs
    - Energize Olympia Heat Pump Group Purchase Program
    - Thurston EDC Home Energy Program
    - Other incentive programs to be identified
- 2.4 Partner Identification and Engagement
  - Identify key local partners to engage in campaign implementation, which may include but not be limited to:
    - Home Energy Score providers
    - Energy efficiency and electrification providers/contractors
    - Community based organizations
    - Community volunteers
    - Affordable housing service providers
  - Meet with potential campaign partners to inform campaign design and discuss partner roles in campaign implementation.

## 2.5 Resident Engagement<sup>3</sup>

- Host a community forum to present the EEE Campaign concept and solicit input from Thurston County residents.

### *Step 2 Deliverables:*

- Executed ILA for 2024 regional initiatives
- Memo summarizing market assessment, program and incentive research, partner engagement, and community forum

## **Step 3: Develop Campaign Plan (June – August 2024)**

*During this project step, the partners will work together to resolve key questions related to the campaign design, structure, and costs. The work completed during the design and planning step will inform Phase II - Launch and Implementation of the EEE Campaign.*

### *Tasks:*

#### 3.1 Design specific elements of EEE Campaign

- Identify types of services, technologies, and technical assistance to be provided (for example: home energy assessments or audits, heat pumps, heat pump water heaters, weatherization, etc.).
- Confirm involvement of campaign partners, and what agreements or contracts are needed to secure their involvement.
- Determine participant eligibility and incentive amounts (consider incentives and/or subsidies and other support for both LMI and non-LMI participants).
- Develop marketing and outreach strategy.
- Propose funding strategy for incentives, marketing, outreach, and technical support (consider both LMI and non-LMI participants).

#### 3.2 Develop Campaign Launch and Implementation Plan which builds on the work conducted during the design and planning phase and includes:

- Summary of stakeholder engagement.
- Specific incentives/subsidies and other assistance/support to be provided.
- Responses to “Questions to Resolve During Program Design” (*Appendix A*)
- Updated timeline for campaign launch and implementation phases, including key milestones.
- Project team roles and responsibilities, including potential external partners.
- Campaign budget, staffing, and other resource needs.
- Funding strategy.

#### 3.3 Draft Phase II ILA for the launch and implementation of the EEE campaign.

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<sup>3</sup> The Home Energy Score (HES) policy regional initiative will include contracting with a stakeholder engagement service provider for a series of policy development focus groups, which will take place in March-June 2024. Staff will include this EEE Campaign community forum in the same provider’s scope of work.

- ILA will include scope of work and budget for all Phase II activities to implement the EEE campaign, including Component 1 (website), Component 2 (advisory support service), and Component 3 (local outreach and incentive campaign).

*Step 3 Deliverables:*

- Final Phase II Launch and Implementation Plan
- Draft ILA for implementation phase

**Step 4: Prepare to Launch Campaign (September – December 2024)**

*During this project step, the partners will complete any final tasks needed to prepare for and launch the local campaign. This preliminary list of activities is provided for reference only. A detailed campaign launch and implementation plan will be completed as a deliverable of the design and planning phase. A new interlocal agreement (ILA) and additional funding (e.g., EECBG) will be needed before Phase II can begin.*

*Tasks:*

- 4.1 Execute Phase II ILA
- 4.2 Finalize campaign launch and implementation schedule.
- 4.3 Contract with installation partners and other providers (as needed based on the final program design).
- 4.4 Develop communications plan and materials.
  - Outreach materials will leverage existing Energize Olympia resources and be integrated with the foundational Switch Is On campaign and website.
- 4.5 Convene and train campaign partners and/or volunteers.

*Step 4 Deliverables:*

- Executed ILA for implementation phase
- Contract(s) with installation partners
- Communications Plan and Materials
- Partner and volunteer kickoff event/training (may be moved into Phase II depending on timing and staff resources)

**Appendix A:**

**Questions to Resolve During Program Design**

- What incentives will be provided?
- Who will be eligible for subsidized installations? How will subsidized installations and incentives be funded?
- Which program costs will be shared across the jurisdictions, and which will be jurisdiction-specific?
- How will costs for residents of urban growth areas be distributed?
- What types of retrofits will be supported and/or prioritized?
- How many and what type(s) of installer/providers will we work with? Selected installers/providers may include, but not be limited to:
  - Technical assistance provider
  - Home Energy Score provider(s)
  - Community based organization(s) or other provider(s) for fully subsidized installations
  - Heat Pump installer
  - Other weatherization providers, etc.
- What types of program partners are needed?
- What types of agreements or contracts are needed to involve program partners?
- Will there be a role for volunteers (e.g., Energize Ambassadors)? If so:
  - What is their role?
  - Will they receive stipends?
  - How will stipends be funded?
- What is our approach to customer support and management?

## Home Energy Score Model Ordinance

### Background

More than 50% of the homes in Thurston County were built before 1990, with nearly 20% built at least 50 years ago (U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates). The large proportion of older homes in the region suggest that many would benefit from energy-and-cost-saving retrofits. Additionally, more than two-thirds of the housing units that will exist in 2050 already exist today, so retrofitting existing homes to improve energy efficiency is a key strategy to meet regional climate mitigation goals (TRPC, 2020).

One of the barriers to improving the energy efficiency of existing housing units is a lack of homeowner awareness and information on the energy performance of their properties. Without this information, it is challenging for consumers to prioritize energy efficiency in home purchasing and improvement decisions. To address this challenge, several cities and states have developed residential home energy labeling policies and programs. HES ordinances have been adopted in several cities around the US including Portland, OR; Minneapolis, MN; and Austin, TX. These cities provide valuable foundations for implementing effective home energy audits and how to design policies that encourage participation.

Home energy assessment and disclosure programs provide homebuyers and occupants with an assessment of home energy performance, expected energy costs, and recommendations for cost-effective improvements to reduce energy use and costs. Home energy assessment reports can be used to help prioritize home renovations and compare the expected energy costs of multiple homes. By making energy costs transparent to consumers, home energy labeling programs also provide a mechanism for the real estate market to value both energy performance and home energy improvements that reduce the total cost of home ownership.

### Alignment with State Policy

In the 2023 WA state legislative session, House Bill 1433<sup>1</sup> proposed to create a statewide framework for Home Energy Score Disclosure programs. While HB 1433 does not mandate energy assessments, it would establish a standard framework for home energy assessment reports and licensing requirements for energy assessors. This statewide framework would enable local governments to promote, incentivize, and/or require home energy assessments and disclosures more easily. Staff expect that HB 1433 (or similar) will be reintroduced for the 2024 session. If adopted by the state legislature, a statewide home energy assessment framework would significantly reduce the costs and staff time needed for local policy development and implementation.

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<sup>1</sup> House bill 1433 second substitute can be found here [1433-S2.pdf \(wa.gov\)](#).

## HES Model Ordinance Goals

The TCMC Home Energy Score Disclosure Model Ordinance and Supporting Program (HES Policy) will include a proposed regional policy for residential energy assessments and disclosures, a proposal for a supporting administrative program to implement the regional policy, and estimated implementation costs. By working together to design and propose a regional policy for consideration by the TCMC Jurisdiction Parties, the TCMC aims to achieve the following goals:

- Develop a regionally consistent policy for assessment and disclosure of residential energy performance ratings. Note: This initiative only includes the development of a model ordinance. The Jurisdiction Parties (Lacey, Olympia, Tumwater, and Thurston County) will individually consider adoption of the proposed policy in early 2025.
- Provide a framework for Thurston residents to learn about their home energy performance, expected energy costs, and cost-effective improvements to reduce energy consumption and the cost of home ownership/occupancy.
- Connect homeowners/occupants to existing and forthcoming resources, guidance, and incentives to simplify energy efficiency retrofits.
- Support energy equity and housing affordability by providing subsidized home energy assessments and additional resources for low- and moderate-income homeowners and renters.
- Increase implementation of home energy efficiency and electrification upgrades and retrofits.
- Develop a monitoring and reporting system to track implementation of home energy assessments and energy efficiency upgrades.
- Provide a mechanism for the real estate market to value both home energy performance and home energy improvements that reduce the cost of homeownership/occupancy.

## Stakeholder Engagement Approach

Key considerations for the design of a home energy score policy include the type of energy assessment data and assessment/ranking tool, timing of disclosure, compliance and enforcement options, exemptions, enforcement policies and any provisions for low-income subsidies.

To design the model ordinance, the TCMC Staff Team will start by reviewing existing home energy assessment and disclosure policies, best practices and resources for home energy assessments, and existing housing market data for Thurston County. Based on this research, the Staff Team will develop preliminary recommendations for key code concepts and then host focus groups to collect stakeholder feedback on the proposed concepts.

After receiving the initial stakeholder feedback, the Staff Team will draft the model ordinance for further review and feedback from key stakeholders, community members, and the jurisdiction partners. Based on this feedback, the staff team will refine the proposed model ordinance, outline a supporting program to implement the proposed policy, and estimate implementation costs.

**Stakeholder Outreach Goals:**

- Inform community members and partners of the HES model ordinance policy and supporting program plan.
- Engage stakeholders in meaningful discussion on how the HES policy can be designed to support climate goals, energy equity, and housing affordability; identify potential barriers or challenges for community members and/or affected industries; and design strategies to overcome any challenges.
- Provide a mechanism for community partners and members to provide feedback and identify potential barriers to successful implementation of the HES model ordinance policy and program.

**Stakeholder Focus Groups**

Examples of stakeholder groups to include in focus groups include, but are not limited to, the following:

- Realtors
- Mortgage brokers
- Building and construction industry representatives
- Faith-based organizations
- Home and energy inspectors
- First-time home buyers
- Puget Sound Energy (PSE)
- Low-income housing and weatherization service providers

**Roles of Staff Team and Partner Jurisdictions**

**Project Management**

The project manager and co-manager are responsible for managing all policy activities detailed below. The co-managers will request support from the other TCMC Staff Team members as needed.

- Project Manager: Linsey Fields, City of Lacey Climate and Sustainability Coordinator
- Project Co-Manager: Alyssa Jones-Wood, City of Tumwater Sustainability Coordinator

**Contracting**

The City of Olympia will be responsible for procuring and managing third-party contractors to provide professional services for both 2024 Regional Initiatives (Home Energy Score Model Ordinance and Energy Efficiency and Electrification Campaign) which may include developing requests for proposals and/or qualifications, developing scopes of work and contracts, managing deliverables, and other related tasks. The City of Olympia will issue invoices to each jurisdiction for their share of expenses.

Contracting and cost-sharing responsibilities will be specified in the forthcoming interlocal agreement (ILA) for 2024 regional initiatives.



## Project Activities, Timeline, and Deliverables

### Step 1: Policy Research (January-March 2024)

- 1.1. Execute interlocal agreement (ILA) for 2024 TCMC regional initiatives.
  - ILA will cover the planning phase of both “policy” and “campaign” components of the 2024 regional initiative.
- 1.2. Market Assessment
  - Examine local housing market listing and sale trends, local home energy assessor/auditor workforce capacity, and typical costs for local home energy assessments.
  - Market research may include an analysis of existing reports and data and/or engagement with local service providers, home energy assessors, realtors, state energy programs, etc.
- 1.3. Policy Research
  - Review current and past home energy assessment policies, incentives, and programs. Identify best practices and lessons learned from previous programs implemented in Thurston County and other jurisdictions.
  - As needed, interview staff from jurisdictions with similar policies and programs to identify best practices and key considerations for policy design and implementation.
- 1.4. Policy Goals and Code Concepts
  - Based on the results of the market assessment and policy research, refine Policy Goals and draft proposed Code Concepts for stakeholder review and feedback.

#### Step 1 Deliverables

- Memo summarizing the results of Step 1 (market assessment, policy research, and initial draft of policy goals and code concepts).

### Step 2: Stakeholder Engagement (March-June 2024)

- 2.1. Stakeholder Engagement Part 1: Conduct focus groups to collect stakeholder feedback on proposed policy goals and code concepts.
  - Identify key local stakeholders to engage in policy development focus groups.
  - Execute service provider agreement for stakeholder engagements. Coordinate with EEE Regional Initiative stakeholder engagement.
  - Conduct focus groups and produce meeting summaries.
- 2.2. TCMC Engagement
  - Briefing and discussion with Climate Advisory Workgroup on proposed Policy Goals and Code Concepts.
  - Briefing and discussion with Executive Committee on proposed Policy Goals and Code Concepts.

#### Step 2 Deliverables

- Summary of focus group feedback.

**Step 3: Draft Model Ordinance and Proposal for Supporting Program (July-September 2024)**

3.1. Draft Model Ordinance

- Develop a joint staff recommendation for a model ordinance based on the results of the market assessment and policy research, identified best practices, and stakeholder feedback.

3.2. Design Supporting Program and Preliminary Budget

- Identify key criteria and strategies to develop and implement a supporting program to administer a regionally coordinated home energy score disclosure policy.
- Estimate staffing needs and costs for program development and ongoing implementation.
- One-time program development needs and costs may include:
  - Developing a central website with policy information and resources.
  - Developing policy factsheets and guidance for administrative determinations.
  - Energy-assessor recruitment and training.
  - Realtor and lender outreach and training.
- Ongoing program implementation needs and costs may include:
  - Quality Assurance
  - Compliance
  - Enforcement
  - Subsidies for low- and moderate-income households
  - Ongoing stakeholder outreach, workforce recruitment and development, website maintenance, customer support, etc.

3.3. Partners request budget to develop a regional home energy score supporting program in 2025.

*Step 3 Deliverables*

- Draft model ordinance.
- Proposed supporting program design and implementation budget.

**Step 4: Refine Model Ordinance and Proposal for Supporting Program (October-December 2024)**

4.1. Stakeholder Engagement Part 2: Publish draft ordinance for stakeholder and community review and feedback.

4.2. Brief jurisdiction Advisory Boards, Committees, Commissions, etc.

4.3. Brief TCMC Climate Advisory Workgroup and Executive Committee.

4.4. Revise model ordinance, program proposal, and budget, as needed, to address stakeholder and jurisdiction comments.

*Step 4 Deliverables*

- Final model ordinance for consideration by all jurisdiction partners.
- Supporting program design and implementation budget.

**Step 5: Jurisdictions Consider Ordinance Adoption (target: January – February 2025)**

**Appendix A:**

**Questions to Resolve During Policy Design**

- Which home energy performance and assessment data and reports will be required?
- How will non-compliance penalties be assessed and enforced?
- What is the penalty for non-compliance?
- How will the home energy disclosure be integrated into the Multiple Listing Service (MLS)?
- Will any home or sale types be excluded from the disclosure requirement?
- How will policy effectiveness be measured and reported?
- How will subsidies and/or other support be provided for low-moderate income households?  
How will income qualification be determined?
- What rulemaking and/or program development will need to occur after ordinance adoption?
- Which policy and/or program elements will be implemented by individual jurisdictions vs. regionally coordinated?
- How can the policy and/or supporting program be designed to leverage existing rebates, incentives, financing, and other implementation support?

## Proposed Budget for 2024 Regional Initiatives (January – December 2024)

This proposed budget covers both 2024 TCMC regional initiatives:

- **Residential Energy Efficiency and Electrification Campaign: Phase I - Design and Planning (Campaign Component)**
- **Home Energy Score Model Ordinance (Policy Component)**

The budget includes project tasks that are expected to be completed by third-party contractors. Project tasks not listed here will be completed in-house by jurisdictional staff.

Project Step and Task	Description	Total
<b>Campaign Component</b>		
Step 1: Launch Advisory Support Service		
1.3 Personal electrification planning (PEP) tool	One year of localized web platform to support residents (homeowners and renters) throughout the electrification process. This PEP tool will be integrated into the foundational SIO website for access by Thurston County residents, based on user zip code.	\$7,000
1.4 Advisory Service	1-on-1 advisory service for residents to include both: - Unlimited low-touch support via email - High-touch support via phone and video calls for a maximum of 200 calls	\$12,500
Step 2: Background Research and Stakeholder Engagement		
2.4 Stakeholder Engagement	Contract services to facilitate stakeholder engagements <i>(in coordination with Policy Component)*</i>	\$10,000
Step 4: Prepare to Launch Campaign		
4.4 Develop communications plan and materials	Contract services to brand and develop outreach materials aligning with Energize Olympia and/or Switch Is On campaign.	\$5,000
<b>Policy Component</b>		
2.1 Stakeholder Engagement	Contract services to facilitate stakeholder engagements <i>(in coordination with Campaign Component)*</i>	\$25,000
<b>Subtotal</b>		<b>\$59,500</b>
<b>Per Partner</b>		<b>\$14,875</b>

\* Stakeholder engagement activities for the two regional initiatives will be combined into one contract with a stakeholder engagement service provider.