

## SB 1143 -1 STAFF MEASURE SUMMARY

### Senate Committee On Energy and Environment

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 3/19

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#### WHAT THE MEASURE DOES:

The measure directs the Public Utility Commission to establish a pilot program that allows each natural gas company to develop a utility-scale thermal energy network pilot project to provide heating and cooling services to customers. The Act establishes the purpose of the pilot project, the process of filing a proposal, accepting a proposal, and evaluation criteria.

#### Detailed Summary

Requires the Public Utility Commission (PUC) to establish a **pilot project** that allows each natural gas company to develop a utility-scale thermal energy network to provide heating and cooling services to its customers.

Establishes the **purpose** for the pilot project is to:

- demonstrate the use and effectiveness of thermal energy networks to provide heating and cooling services while reducing or eliminating greenhouse gas emissions or improving energy efficiency;
- allow each natural gas company to gain experience using thermal energy networks; and
- provide the PUC with experience on how to integrate thermal energy networks and thermal energy network projects into the commission's regulatory processes.

Requires the PUC to direct each natural gas company to **file a proposal** to develop and operate a utility-scale thermal energy network pilot project; **plan for acceptance** by PUC for measuring the effectiveness of the pilot project or explanation of why the natural gas company is not submitting a proposal. Requires PUC to **evaluate** the proposal considering certain criteria. Repeals pilot project January 2, 2036. Takes effect on the 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

#### EFFECT OF AMENDMENT:

-1 The amendment establishes labor requirements for the pilot projects which included percentages of journeyworkers on projects, participate as training agent in a registered apprenticeship program; wage requirements; and reporting requirements.

#### Detailed Summary

Requires natural gas company that operates a covered project to require contractors that they have entered into a contract, on or after January 1, 2026, to:

- Ensure journeyworkers comprise the following percentages of the workforce on the covered project entered into :
  - between January 1, 2026, and December 31, 2026, at least 30 percent;
  - between January 1, 2027 and December 31, 2027 at least 45 percent; and
  - on or after January 1, 2028, at least 60 percent.
- Participate as a training agent in a registered apprenticeship program to provide on-the-job training opportunities;
- Pay wages to journeyworkers and apprentices at a rate that is no less than the prevailing rate of wage; and
- Document and submit quarterly report to natural gas company demonstrating proof of compliance.

Allows a contractor to be exempted from labor and wage requirements of the Act if they provide the natural gas company with a copy of the project labor agreement used on the project.

Requires natural gas company to maintain records to demonstrate compliance and to provide them to the Bureau of Labor and Industries (BOLI) upon request. Requires natural gas company to submit an annual report to BOLI no later than February 1, of the following year showing proof of compliance.

**BACKGROUND:**

A utility-scale thermal energy network uses pipes and heat pumps that use noncombustible fluids within the network to distribute thermal energy between and among ground, air, and surface water sources and buildings connected to the network. These systems can connect multiple buildings in order to provide heating and cooling. Since 2021, seven states have passed legislation that either mandates or allows utilities to develop thermal energy network pilot projects.