



— WASHINGTON GOVERNOR —

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POLICY BRIEF

May 2019



WASHINGTON ENACTS STRONGEST CLEAN ELECTRICITY STANDARD IN THE NATION

Washington is leading the transition to 100 percent clean electricity, creating family-sustaining jobs and ensuring that all customers benefit from the transition.

Washington this year became the fourth state to enact legislation to transition to 100 percent clean electricity. The Washington Clean Energy Transformation Act commits Washington to aggressively transform its electricity system and to transition to 100 percent clean electricity over the next 25 years.

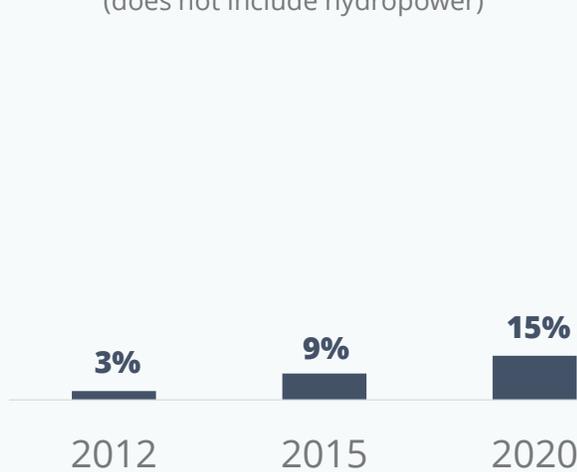
With our wealth of carbon-free hydropower, Washington has some of the cleanest electricity in the nation. But electricity generation remains the largest source of carbon emissions worldwide and is the third-highest emitting sector in our state, after transportation and buildings. The legislation (Senate Bill 5116), spearheaded by Sen. Reuven Carlyle and Rep. Gael Tarleton, will make Washington one of the first states in the nation to eliminate coal power, including “coal-by-wire” from out of state, by 2025. The law requires Washington utilities to transition to a carbon-neutral electricity supply by 2030 and puts the state on a path to entirely eliminate fossil fuels from electricity generation by 2045.



Putting Washington on a path to entirely eliminate fossil fuels from electricity generation by 2045

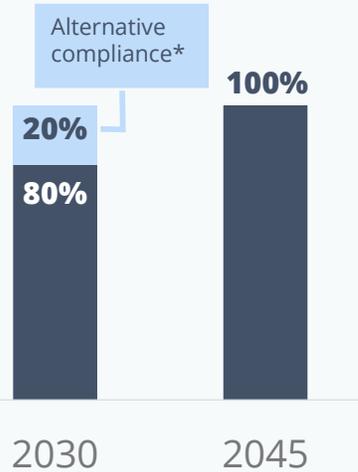
Clean energy standards under previous law (Initiative 937)

Percent eligible clean electricity (does not include hydropower)



Washington Clean Energy Transformation Act standards

Percent clean electricity



*Alternative compliance options include purchasing renewable energy certificates, investing in energy transformation projects, paying a fee, etc.

Achieving clean energy standards

To achieve the 2030 standard, utilities must replace coal-based resources with nonemitting and renewable energy resources such as solar and wind power, use hydropower resources more efficiently and effectively, and increase overall energy efficiency. Some parts of the state are already very close to achieving this goal. In other areas, meeting the goal will require a transformation in the energy mix, including incorporating innovative nonemitting technologies such as energy storage, smart grid technologies and electric vehicle charging. By 2045, 100 percent of electricity consumed in Washington will be clean.

Ensuring an equitable transition

The law includes innovative provisions to protect low-income customers and ensure that all customers benefit from the transition to clean energy, including vulnerable populations and communities most highly affected by climate change and environmental pollution. Implementation of the standards will be guided by a cumulative impact analysis of environmental and health disparities performed by the Department of Health. The law also requires utilities to provide energy assistance to low-income customers, and to improve and better target these programs to vulnerable populations and households with high energy burdens.

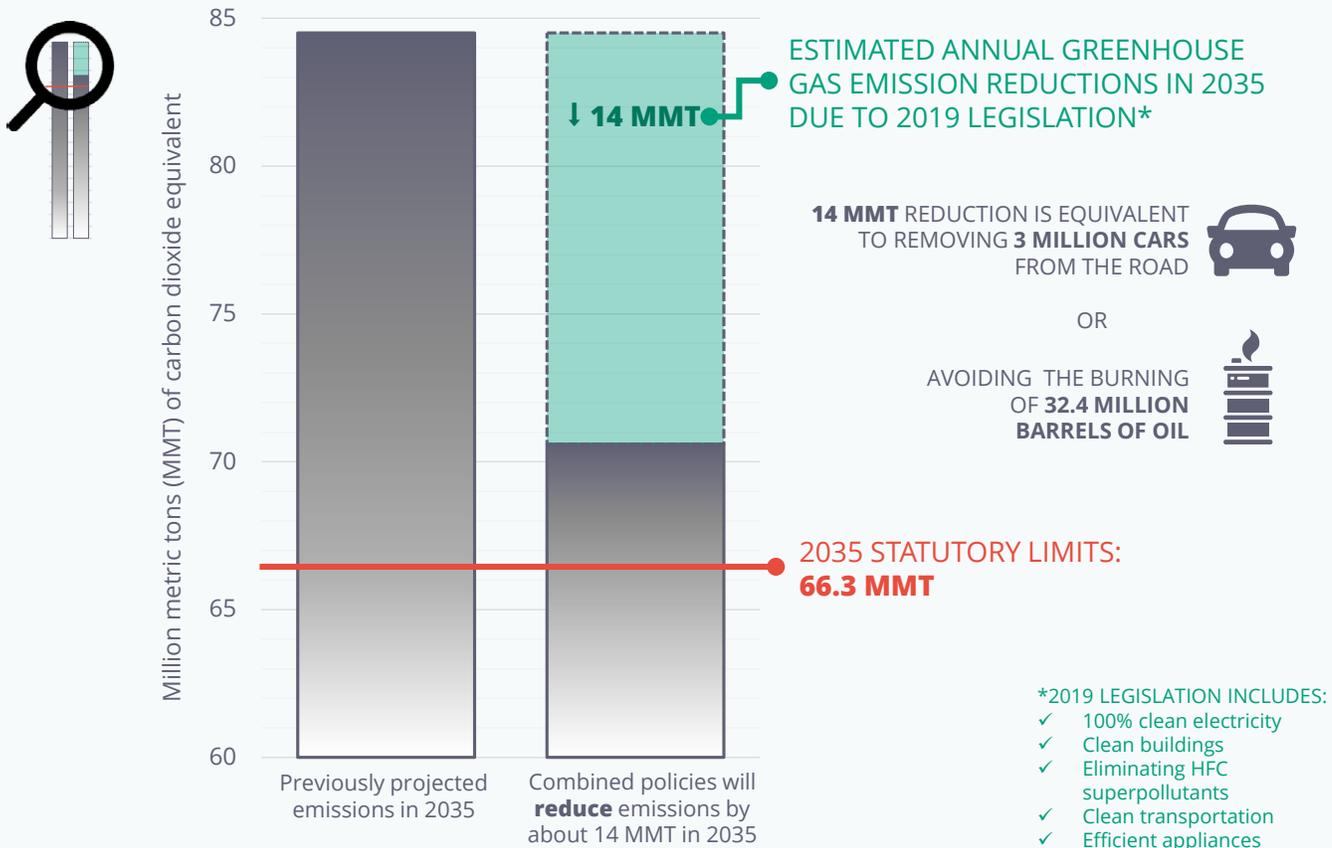
Supporting our clean energy workforce

Further, the law supports Washington’s clean energy workforce by providing incentives for developing clean energy projects using strong labor standards. The legislation extends and modifies the sales and use tax exemption for certain renewable energy machinery and equipment to support the use of strong workforce standards, such as prevailing wage, apprenticeship utilization and preferred hiring for women and minority-owned businesses.

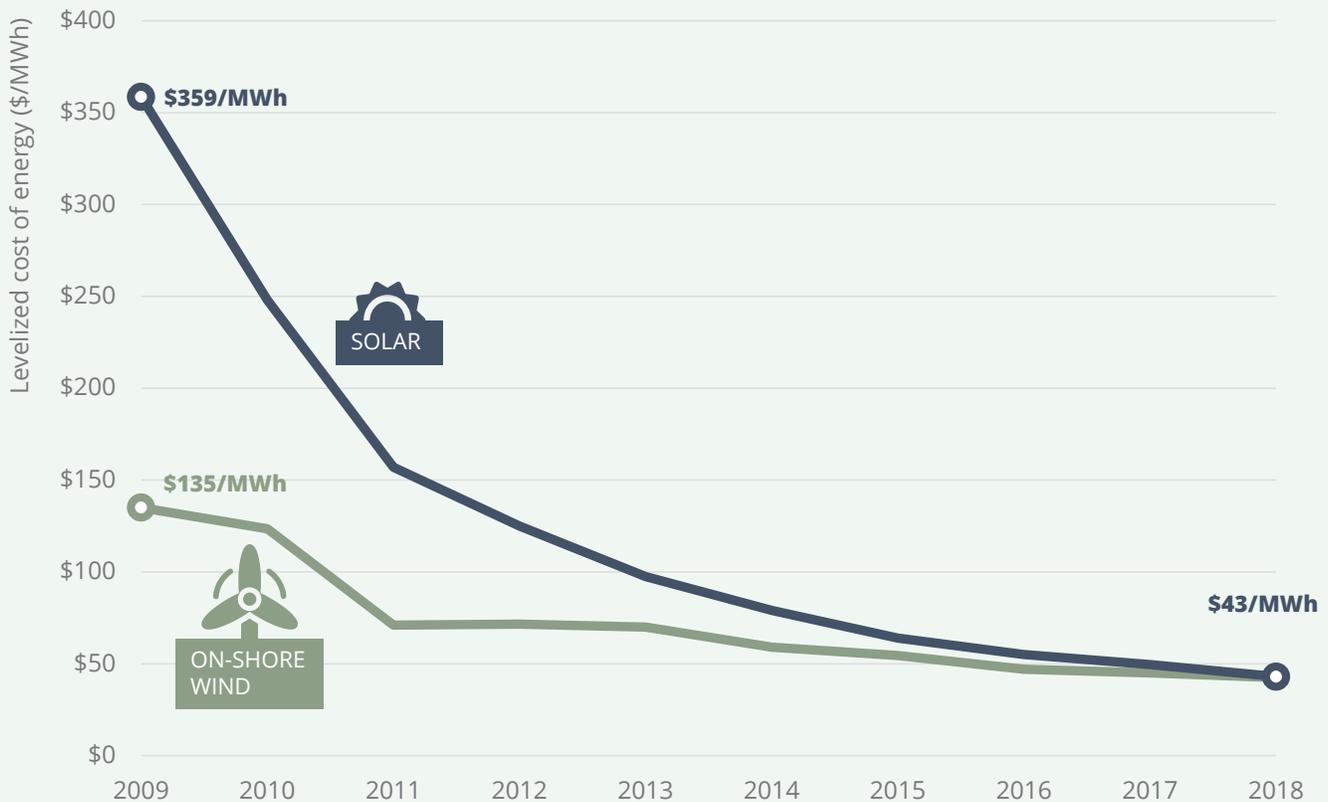
Protecting reliability and affordability

Finally, the legislation provides flexibility for utilities to make this transition in a reasonable time frame while maintaining reliable, affordable electricity service for their customers. Different utilities may pursue different pathways, depending on their resource mix and customer demands. The legislation provides regulatory and planning tools that will enable utilities to meet these goals while ensuring public participation and appropriate oversight. For example:

This package of legislation is the state’s biggest step yet toward reaching the greenhouse gas emissions reductions needed to reach **2035** statutory limits



Since 2009, prices of solar and wind power have fallen dramatically



Source: Lazard's Levelized Cost of Energy Analysis, version 12.0, Nov. 2018

For example:

- Utilities must begin taking into account the costs of carbon pollution when evaluating energy resources.
- Utilities must develop clean energy plans on an iterative basis, including both short-term and long-term plans, which will demonstrate how utilities will meet the standards at the lowest reasonable cost.
- The Utilities and Transportation Commission is authorized to use performance-based rate making and other regulatory mechanisms to help utilities achieve legislative goals.

The price of clean energy continues to fall, and in many cases, is already competitive with conventional energy sources. In the past 10 years, wind energy prices have fallen by almost 80 percent and solar energy prices have fallen by almost 90 percent, far exceeding expectations. In the near term, this bill requires utilities to replace retiring coal plants with clean energy, which is already available at competitive prices. Technology advancements will only make achieving the standards even more cost effective in the future.