

“Taking action is the smart thing to do, because we can make the air cleaner for our children, our businesses can lead the world in clean technology, and we can bring good-paying jobs to Washington.”

- Gov. Inslee

Washington Carbon Pollution Reduction and Clean Energy Leadership

Governor’s Proposed Actions

On December 17, 2014, Governor Jay Inslee announced a package of additional actions to transition Washington to increased energy independence through use of clean energy, to reduce carbon pollution in Washington and to meet the statutory greenhouse gas limits adopted by the state Legislature in 2008. The proposals are based on work conducted under the Governor’s Executive Order 14-04.

CARBON EMISSIONS

Carbon Pollution Accountability Act

Inslee’s proposed Carbon Pollution Accountability Act* requires, for the first time, major polluters to pay for their carbon pollution. It creates a program to cut emissions to make Washington healthier and incentivize Washington’s innovative businesses to meet the needs of the growing clean energy economy.

Through this act, Washington will set an annual limit on the total amount of carbon pollution that emitters may release into the air. Major emitters will need to purchase “allowances” for the pollution they emit. Each year, the number of available allowances will decline to ensure emissions are gradually reduced. This provides emitters the time to adjust and make choices about how to manage their business. They can either invest in cleaner technology and improve their operation efficiency or pay for allowances that will diminish in supply and increase in cost over time.

The program will generate about \$1 billion annually which will be used for transportation, education and disadvantaged communities.

Inslee’s proposal was informed by the research and recommendations of his Carbon Emissions Reduction Taskforce, which included representatives from business, labor, health care, utilities, at-risk communities, governments and others.

Clean Transportation

The greatest percentage of carbon emissions come from cars, trucks and other transportation sources, contributing nearly half of the state’s total carbon emissions. Washington has three strategies to decrease carbon pollution from transportation: cleaner cars, cleaner fuels and moving people and goods more efficiently. These strategies will also improve public health by reducing hazardous air pollutants.

Electric Vehicles (EVs)

Inslee requested legislation* to:

1. Extend the existing tax incentives, exempting sales tax from the first \$60,000 of the purchase price of electric, natural gas, propane and hydrogen vehicles. Set to expire next summer, this exemption is considered the single most important factor for future success of electric vehicles in our state.
2. Create an EV infrastructure bank to provide financial assistance for the installation of publically accessible high-speed charging stations. The bank would be funded by an existing fee on electric vehicles, and administered by the public-private partnership office at WSDOT.
3. Require urban cities and counties to adopt incentive programs to encourage the fitting of new structures and the retrofiting of existing structures with rapid charging stations for electric vehicles. This bill helps solve the 'garage orphan' problem of condo and apartment residents who are great candidates for EV ownership due to their shorter trips in a dense urban environment, but owning an EV is not yet practical because they can't conveniently charge at home.

In addition, Inslee proposed to provide a toll and ferry fare credit to EV owners who buy a "Good to Go" or "Wave to Go" pass.

Zero Emission Vehicles

Inslee asked the Dept. of Ecology to request legislation* to allow Washington to adopt the Zero Emission Vehicle program*. A ZEV is any vehicle that emits zero or nearly zero emissions while running, including plug-in electric or hydrogen fuel cell vehicles. ZEVs reduce carbon pollution, improve public health, increase consumer choice and reduce transportation costs.

Clean Fuel Standard

Inslee asked Ecology to prepare a draft rule that outlines a clean fuel standard* for Washington. Before initiating the formal rulemaking, Inslee will wait to hear feedback on Ecology's draft rule from legislators, affected and interested parties and the public. A clean fuel standard would require a transition to cleaner fuels over time, resulting

in cleaner air and greater energy independence. OFM completed an assessment of the costs and benefits of a clean fuel standard for Washington*.

Sustainable Transportation Planning

WSDOT is implementing a five-part action plan* to reduce carbon emissions that come from cars, trucks and other transportation-related sources, including an assessment of technical and financial needs of local communities, guidance related to land use and transportation planning, and adoption of a long-term statewide multimodal transportation plan for strategic investment in providing people with more transportation options. To develop the necessary information for the statewide plan, the Governor has approved the Department of Transportation's funding request to purchase and implement modeling software, allowing the state to better analyze rural and urban areas to identify the most cost-effective project investments that will relieve congestion for commuters and enable freight to get to market more quickly.

CLEAN ENERGY

Washington needs increased investment in developing and deploying new technologies to successfully transition to cleaner energy.

Clean Energy Fund

Inslee requested \$60 million for the Clean Energy Fund* to help research institutions, utilities and businesses develop, demonstrate and deploy new renewable energy and energy efficiency solutions:

- \$15 M to expand the energy revolving loan fund that finances proven energy efficiency and renewable energy technologies that currently lack access to capital.
- \$10 M to provide credit enhancements for advanced solar and renewable energy manufacturing.
- \$20 M for grants to utilities to demonstrate improved integration of renewable energy sources, through energy storage and other technologies.

- \$15 M for grants to match federal funds or other non-state funding sources used to support research and development on clean energy technologies.

The state's \$40 M Clean Energy Fund leveraged \$200 M in matching funds from industry partners during the 2013-2015 biennium.

Solar Energy Incentives

The WSU Energy Office is drafting new legislation* to improve the state's incentives for solar energy, extending the existing production incentive (Renewable Energy System Cost Recovery Program) beyond the current 2020 expiration date, and allowing more parties to participate in the program. In addition, the sales tax exemption for solar energy equipment would be phased out and an overall cap on the program would limit the fiscal impact. Increased funding would be provided for the WSU Energy Program to implement and administer the changes to the program (\$250 K, operating). The changes to the program resulted from WSU's work with a group of over 100 stakeholders on how to expand the use of solar energy in our state.

Clean Technology Development and Climate Science

Inslee proposed investments to support the engineering and science work at the UW:

- Center for Advanced Materials and Clean Energy Technologies – pre-design and design of a new research building to house the Center, to include the chemical engineering, material science and engineering and bioengineering departments. (\$6.6 M, capital budget)
- Clean Energy Institute – construction of test beds to support moving new clean energy materials and technologies from development to market, including research and training, scale-up and characterization, and systems integration. (\$12 M, capital budget)
- Climate Impact Group – to provide impartial knowledge, data, tools, and technical advice to identify and reduce climate risks to the residents, communities, economies and resources of Washington. (\$0.98 M, operating budget)

- Washington Ocean Acidification Center – to continue coordination and research to understand, monitor, and adapt to increasingly acidic waters, and their effect on shellfish and fish. (\$1.55 M, operating budget). (Separate funding is provided to DNR to continue funding the related work of the Marine Resources Advisory Council (\$150 K, operating budget).)

Coal-Fired Electricity

Inslee continues to encourage the state's electric utilities to define a plan for reducing and ultimately eliminating the use of electrical power produced by coal and is confident the utility leaders can identify the necessary steps to do so. Though coal is used for a relatively small share of our electricity, it generates most of the carbon pollution emissions from this sector. We have affordable, reliable and cleaner alternatives at hand.

ENERGY EFFICIENCY

Energy efficiency is one of the most cost-effective ways to cut emissions, reduce costs, increase our productivity and competitiveness, and accelerate the creation of thousands of local jobs.

Energy Efficiency in Buildings

The Dept. Commerce is working with legislators and affected parties to draft legislation to secure better energy use information for consumers, including improved utility bills and expanded commercial building energy benchmarking. Implementation of this legislation will be partially supported by US Dept. of Energy funds provided to the West Coast states to develop expanded energy information and disclosure programs.

In addition, Inslee proposed the following capital budget investments for the coming biennium:

- Improving energy efficiency and deploying distributed generation on public building (\$40 M), capturing savings for the state taxpayers.
- Weatherizing low income homes by matching federal and utility funding (\$15 M), reducing their energy costs.

- Continuing the Community Energy Efficiency Program (\$10 M), which, since 2009, upgraded energy efficiency in 26,000 residences, saving Washington consumers \$1.7 M in energy costs each year.
- Sponsoring ultra-efficient housing demonstrations (\$5 M), to encourage innovative designs for single and multi-family housing.

Commerce is supporting a utility pilot program for on-bill financing of energy efficiency and will distribute the results and lessons to other state utilities. Over the coming year, the State Building Code Council will draft new rules to ensure that all new buildings are as energy-neutral as possible, consistent with the statutory requirements for improving energy efficiency in new buildings.

Energy Efficiency in Agriculture

Inslee proposed continued and expanded funding of the Washington Farm Energy Program*, conducted by the WSU Energy Program. Funding would be provided to expand energy efficiency programs for dairy and other farmers statewide, provide training, and refine the farm energy use assessment tool. (\$1 M, operating budget) Energy efficiency efforts in agriculture by the state are fairly new, but WSU's pilot program shows that even a few improvements can save up to 25% on a farm's energy bill and reduce greenhouse gases.

Energy Efficiency in Industries

Inslee proposed to fund the establishment of an Industrial Energy Services Center, to be administered by the WSU Energy Program*. The Center would provide technical assistance to industries in the state, conduct trainings and assessments, and provide financial incentives to catalyze efficiency projects and technology demonstrations. The U.S. Dept. of Energy has identified the WSU Energy Program as one of the five top-performing state-level industrial energy programs in the nation. The Program was able to leverage original seed funding with

twice as much funding from regional utilities to assist industries in saving energy. Annual energy savings were equal to the original state investment, and the full cost of these energy projects will be fully paid off in ten years.

State Government Operations

Inslee's proposal would establish a statewide Resource Conservation Management program for state government operations at the Dept. of Enterprise Services. The program would focus on improving the energy (and other resource) efficiency of public buildings, by tracking resource use, promoting best practices in building management, and targeting capital projects that reduce resource use. Funds would also be provided for projects that secure energy efficiency concurrently with other building improvements. A DES review concluded significant savings are available in state and other public buildings, with much of the building equipment both past useful life and highly inefficient.

*FOR MORE INFORMATION, POLICY BRIEFS AND REPORTS, PLEASE VISIT: [BIT.LY/POLLUTIONACTIONWA](https://bit.ly/POLLUTIONACTIONWA)