

Welcome to Washington's Clean Energy Future



Presentation to the NW Energy Coalition's Clean & Affordable Energy Conference

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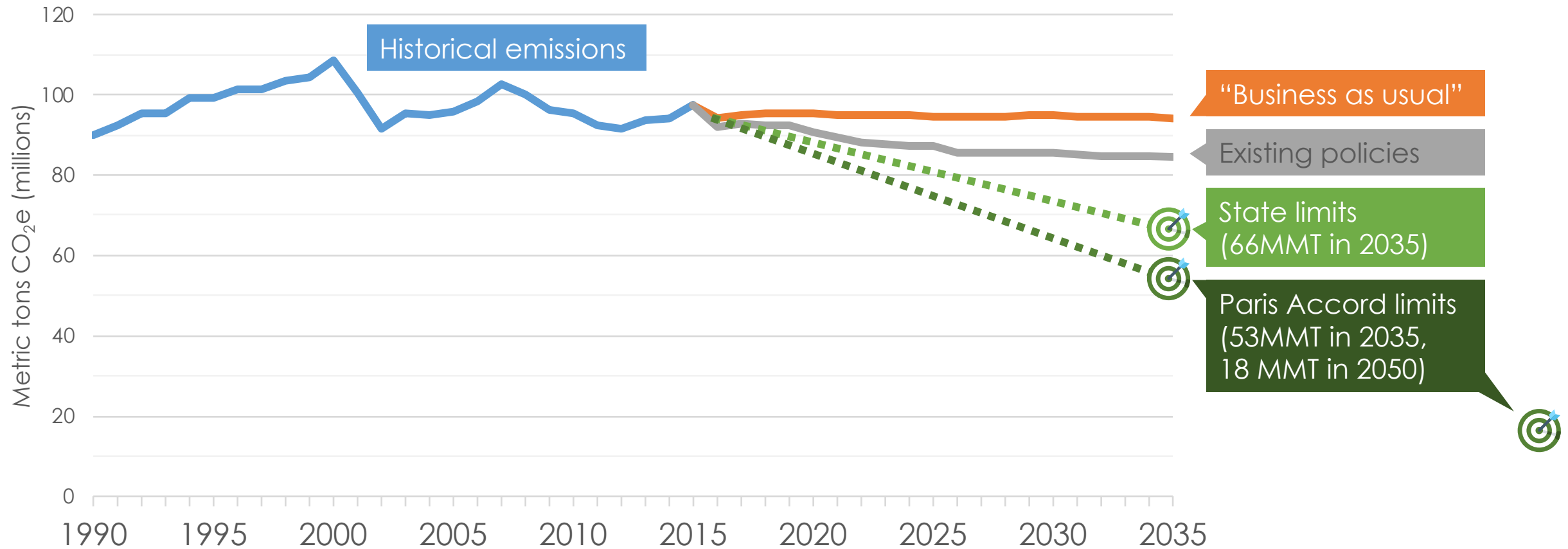
Statewide GHG Reduction Targets

- (1)(a) The state shall limit emissions of greenhouse gases to achieve the following emission reductions for Washington state:
 - (i) By 2020, reduce overall emissions of greenhouse gases in the state to 1990 levels;
 - (ii) By 2035, reduce overall emissions of greenhouse gases in the state to twenty-five percent below 1990 levels;
 - (iii) By 2050, the state will do its part to reach global climate stabilization levels by reducing overall emissions to fifty percent below 1990 levels, or seventy percent below the state's expected emissions that year.

RCW 70.235.020

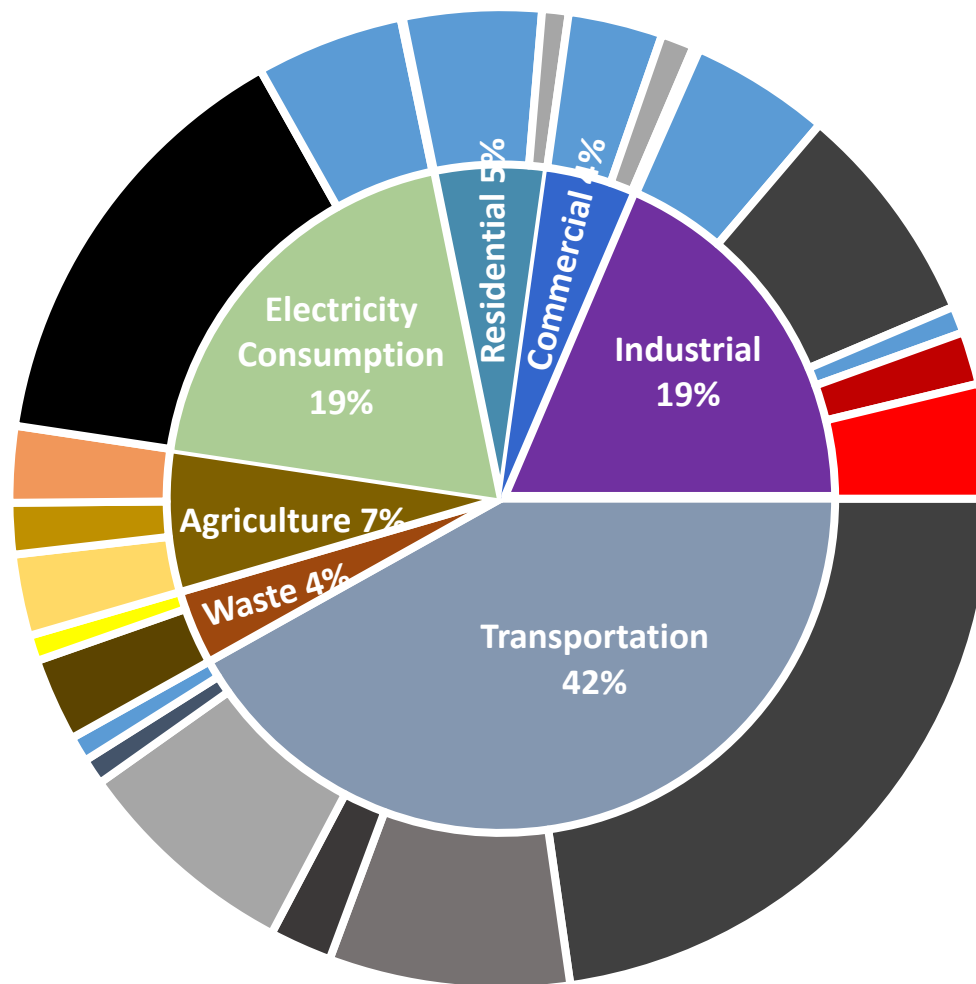
How are we doing?

Washington's Greenhouse Gas Emissions



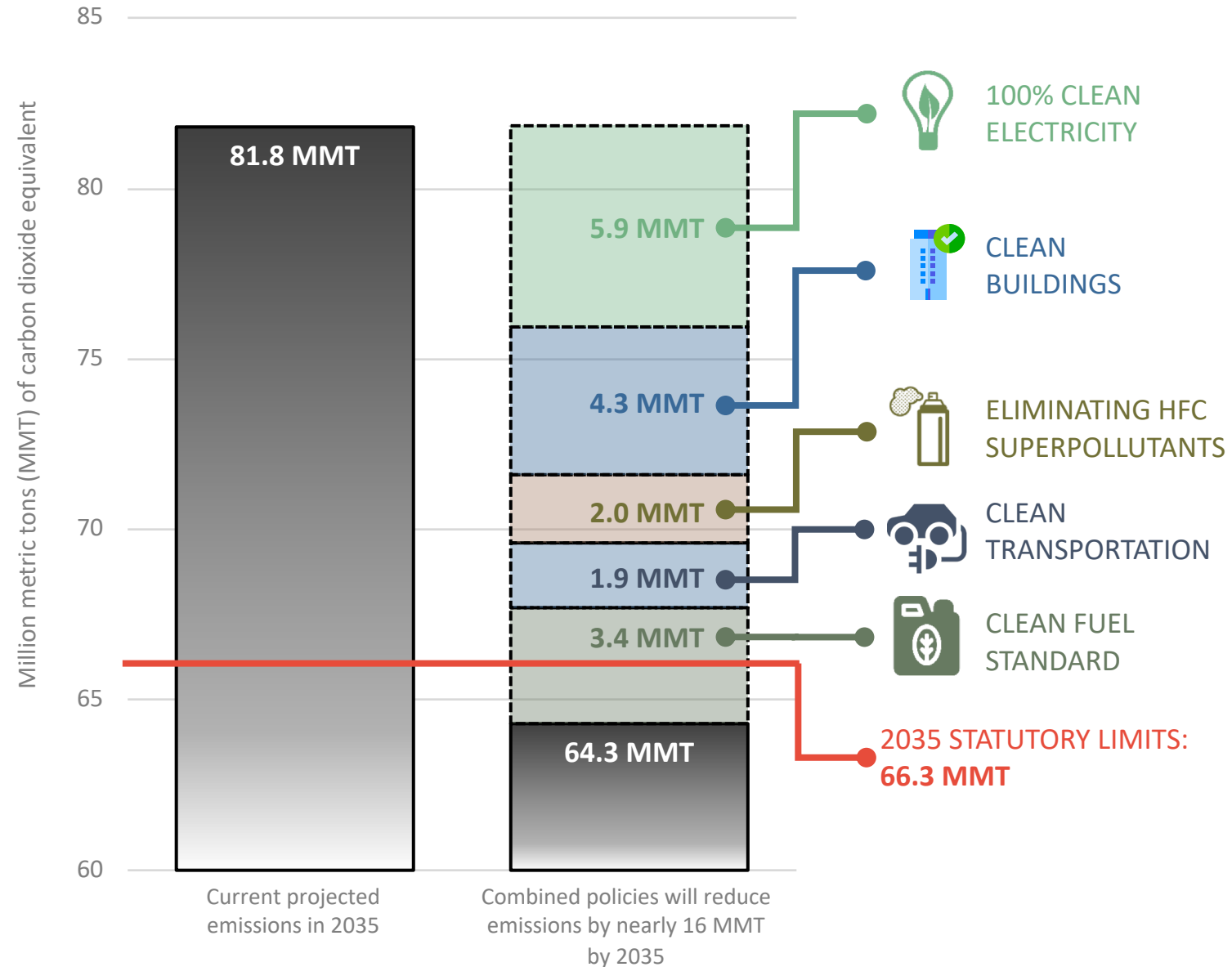
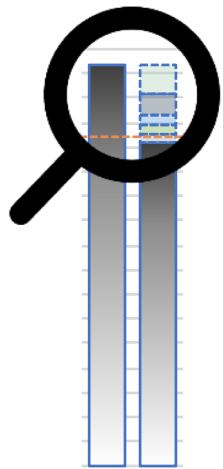
Washington Greenhouse Gas Emissions 3-year Average (2013-2015)

~95 million metric tons of CO₂e

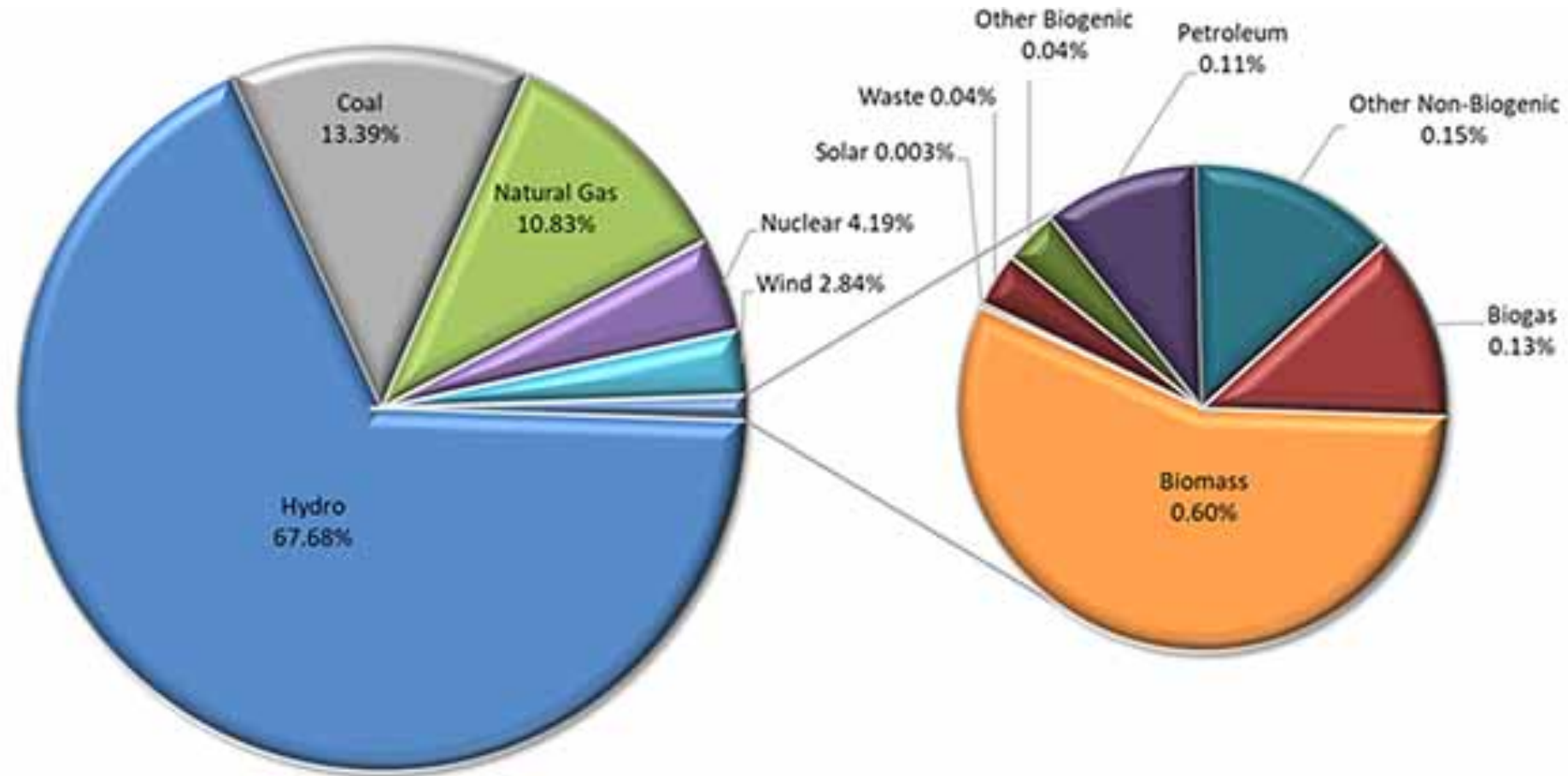


Note: some small categories (<1%) excluded

Achieving Washington's greenhouse gas emission reduction targets in 15 years



Washington State Electricity Fuel Mix (2017)



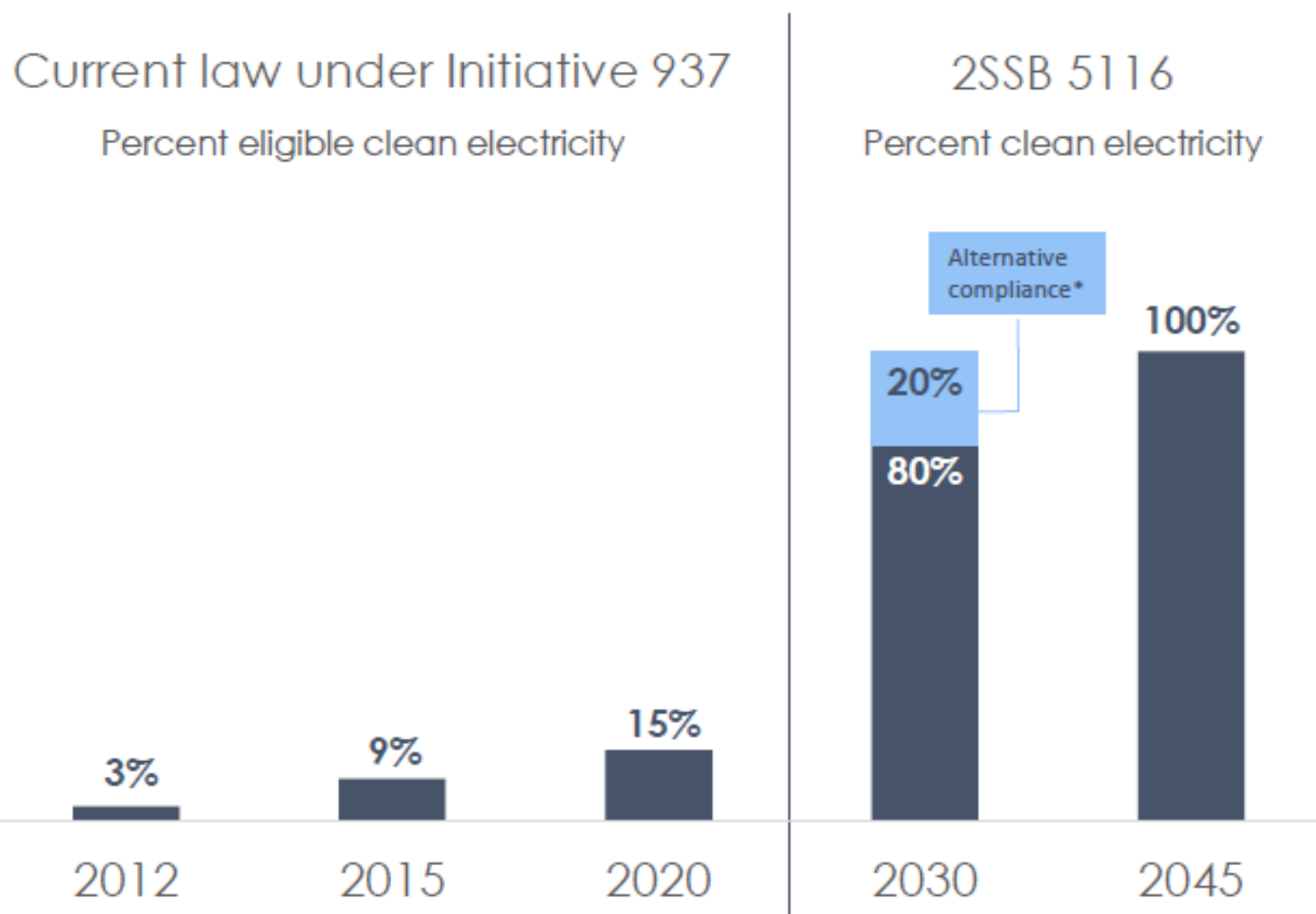
Clean Energy Transformation Act

- Achieve 100% Clean Energy before mid-century
- Protect Affordability & Reliability
- Ensuring an Equitable Transition
- Support Washington's Clean Energy Workforce

Clean Energy Standards

- **Phases out coal-fired electricity by the end of 2025**, when Washington's last coal-fired power plant is expected to cease operations.
- Requires utilities to achieve a **carbon-neutral standard by 2030** – 80 percent of which must be met with clean energy resources.
 - Clean resources = renewable & nonemitting
 - Renewable claims must be documented with RECs
- Adopts a policy to **transition to 100% clean electricity by 2045**, and requires utilities to incorporate the policy into their planning and resource acquisition processes.

Clean Power in Washington



Enhanced Planning Requirements

- Beginning in 2022, utilities must develop clean energy implementation plans
 - Interim targets for efficiency, demand response, and renewables
- Utilities must include social cost of carbon
- The Department of Commerce must develop an updated state energy strategy by 2021

Safeguards for Rates & Reliability

- The bill limits the growth of compliance costs to **2 percent** of retail rates
- The bill requires an assessment of energy burden and adequacy of energy assistance programs
- The bill provides for a temporary suspension of the standard to protect reliability and waiver of the penalty if reliability standards are threatened
- The bill requires regular assessment by the Department of Commerce in consultation with experts and stakeholders

Support Efficient Markets

The Utilities & Transportation Commission and the Department of Commerce must:

- Convene a stakeholder group to examine: (a) Efficient and consistent integration of this act and transactions with carbon and electricity markets outside the state; and (b) Compatibility of the requirements under this act relative to a linked cap-and-trade program.

Recognizing the Value of Hydropower

- The bill allows all hydropower generation from existing dams to be used for compliance with the 2030 carbon-neutral standard and the 2045 100% clean standard.
- The bill allows hydropower to generate renewable energy credits.
- The bill provides incentives for Washington investor-owned utilities to purchase hydropower.
- The bill accounts for the variability of hydroelectric generation.

Ensure an Equitable Transition

- Policy intent 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.
- Utilities are required 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.

Support Washington's Clean Energy Workforce

- Extends and modifies the sales and use tax exemption for certain renewable energy machinery and equipment to support the use of **strong workforce standards**.
- For projects larger than 500kW, the purchaser is entitled to following exemption of state and local sales tax:
 - **50 percent** if the procurement and contract was from an **organization owned by women, minorities, or veterans**;
 - **75 percent** if workers on the project were compensated at **prevailing wages** determined by local collective bargaining; or
 - **100 percent** if the project is developed under a **community workforce agreement or project labor agreement**.
- New tax incentive rules will be adopted by December 1, 2019 and go into effect Jan. 1, 2020 through Dec. 31, 2029.

What's Next?

- Implementation, implementation, implementation...
- Unfinished business (2020 legislative session)
- Update statewide greenhouse gas limits to reflect the most recent science
- Develop a long-term vision and strategy for economy-wide decarbonization

Questions?

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Read more about our historic legislative session for climate and clean energy [here](#).