



— WASHINGTON GOVERNOR —

JAY INSLEE

POLICY BRIEF

December 2018



100 PERCENT CLEAN ELECTRICITY

In the global fight against carbon pollution, speeding the transition from fossil-fuel-fired electricity is one of the most crucial efforts that leaders across the nation and the world must embrace. Washington state is ready to help lead this transition by committing to 100 percent clean electricity — power that comes from renewable and zero-emission sources.

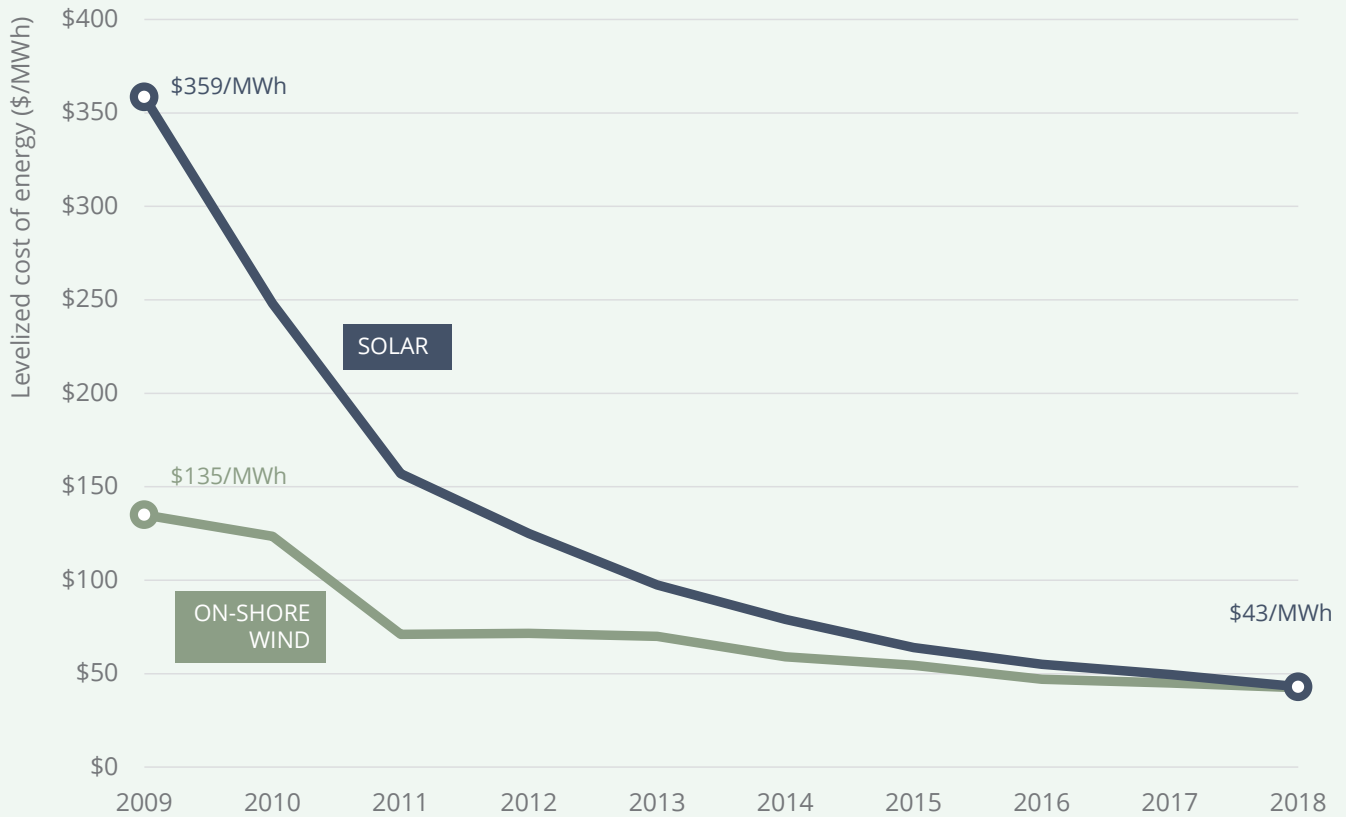
Background

With our wealth of carbon-free hydropower, Washington has some of the cleanest electricity in the United States. But electricity remains the largest source of carbon emissions worldwide and is the third-highest emitting sector in our state, after transportation and buildings.

We are at a critical juncture for transforming our electricity system. Washington's last coal-fired power plant will shut down in 2025, and several out-of-state coal plants that provide electricity to the region are expected to shut down before 2030. To meet our emissions reduction goals, we must replace retiring coal-fired generation with clean energy resources in the near-term and adopt ambitious targets for the future.



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



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

The transition to clean energy is underway but must happen faster than our current policies can deliver. Recent federal and international climate reports indicate that absent significant and swift reductions in greenhouse gas emissions, climate change poses immediate significant threats to our economy, health, safety and national security.

Fortunately, the prices of clean energy technologies continue to fall, and are, in many cases, competitive or even cheaper than conventional energy sources.

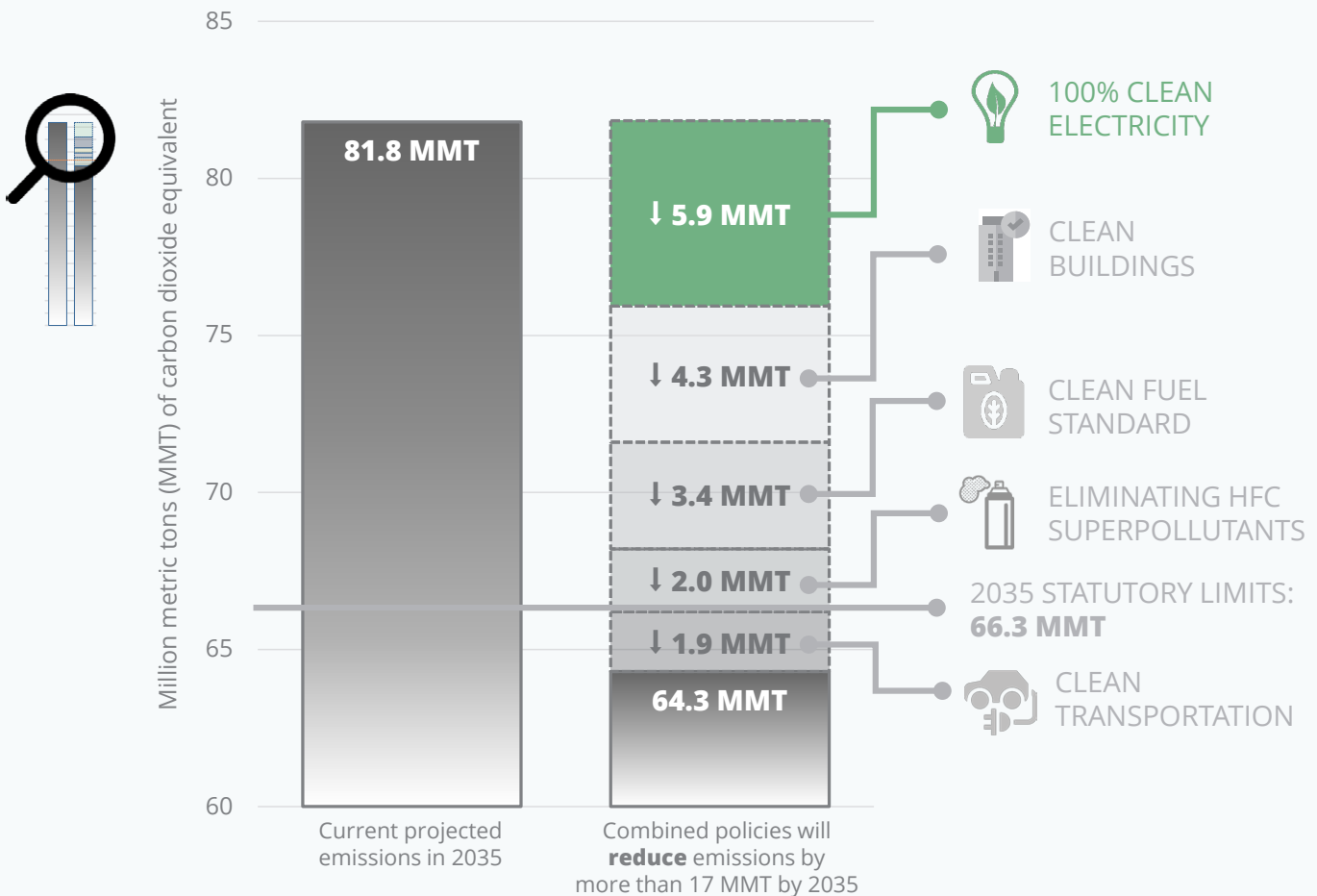
Jurisdictions across the United States, including cities and counties here in Washington, are committing to 100 percent clean energy. Many large businesses, including companies located here in our state, have also made significant clean energy commitments. Our abundance of renewable energy and our strong clean tech sector make Washington well-positioned to be at the forefront of the transition to 100 percent clean energy.

Summary of legislation

Gov. Jay Inslee’s 100%Clean Energy bill commits Washington to an aggressive transformation of its electricity system over the next 25 years. The plan will make Washington among the first states in the nation to eliminate coal power, including “coal-by-wire” from out of state, by 2025. The plan requires Washington utilities to start transitioning to a carbon-neutral electricity supply by 2030, and puts the state on a pathway to entirely eliminate fossil fuels from electricity generation by 2045.

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.

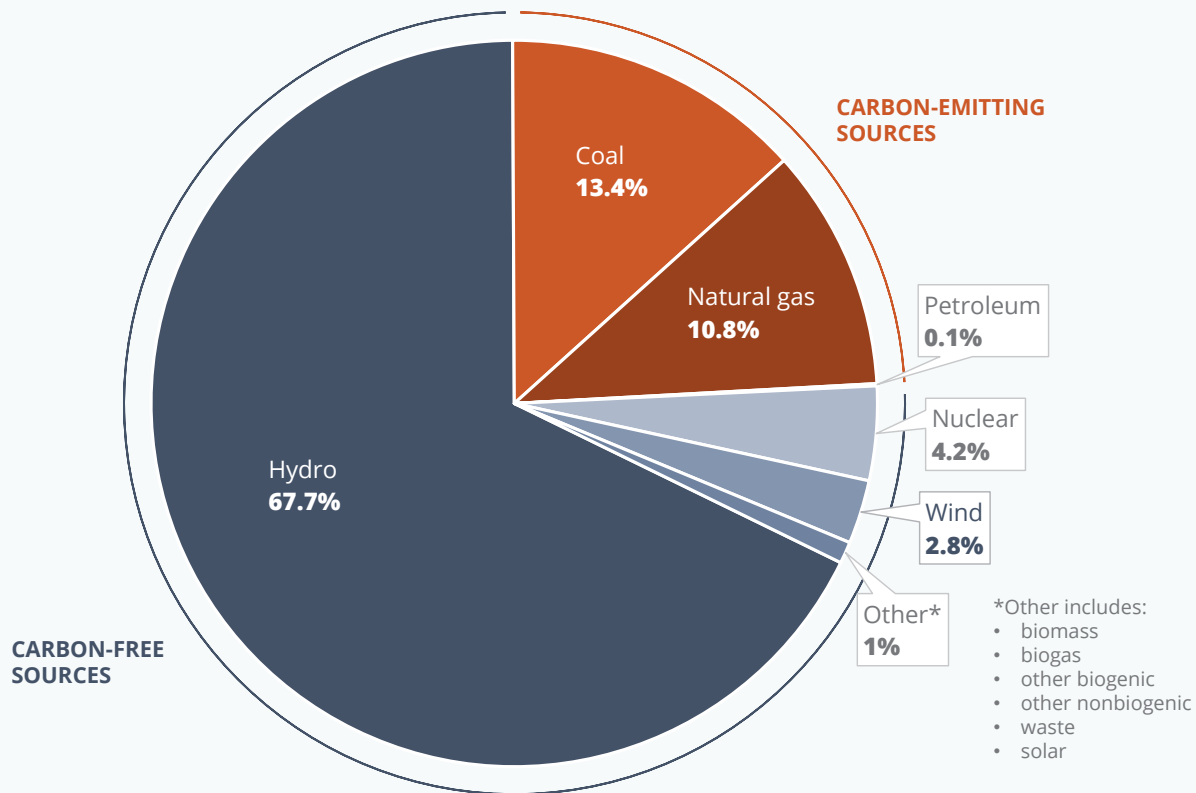
ACHIEVING WASHINGTON’S GREENHOUSE GAS EMISSION REDUCTION TARGETS IN 15 YEARS



Combined with the other Clean Energy Launch proposals, transitioning to 100 percent clean energy will ensure we reduce our state’s overall greenhouse gas emissions to 25 percent below 1990 levels.

Washington's statewide electricity mix is 75% carbon-free

WASHINGTON ELECTRIC UTILITIES 2017 AGGREGATE FUEL MIX



Source: Washington State Department of Commerce, Nov. 2018

The bill 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. Regardless of the pathway, by 2045, utilities must completely eliminate fossil fuels from the electricity supply.

The bill provides regulatory and planning tools that will enable utilities to meet these goals while ensuring public participation and appropriate oversight. The bill also extends the sales and use tax exemption for certain renewable energy machinery and equipment to support the role of renewable energy in the transition. Inslee's plan ensures that the transition from carbon can be achieved in a way that supports clean energy jobs and allows for innovative technologies to be part of the solution.

Gov. Inslee's budget invests nearly \$60 million in clean energy

Clean Energy Fund (\$52.5 million)

- **Grid modernization:** Funding is for projects that advance clean and renewable energy technologies and transmission and distribution control systems; support integration of renewable energy sources, deployment of distributed energy resources and sustainable micro grids; and increase utility customer options for energy sources, energy efficiency, energy equipment and utility services. (\$22.5 million)
- **Strategic research and development for new and emerging clean energy technologies:** These grants will be used to match federal or other nonstate funds to research, develop

and demonstrate clean energy technologies. (\$17.5 million)

- **Grants to nonprofit lenders:** These grants will support the widespread use of proven energy efficiency and renewable energy technologies now hampered by lack of access to capital. (\$12.5 million)

Inslee's budget also supports additional funding for the **solar incentive program** (\$6.1 million) and a 10-year extension of the sales and use tax incentive for renewable energy machinery and equipment.

Complementary legislation

Inslee is also supporting complementary legislation that will update the state's siting requirements for energy facilities, extend funding for the solar production incentive program and improve the accuracy and transparency of electricity source information provided by utilities to customers:

Updating the requirements for siting energy facilities (by request of the Energy Facility Site Evaluation Council):

- Modernizes the EFSEC statute to enable the council to support reducing the state's dependence on fossil fuels, and encourage the development and integration of clean energy sources.

- Modifies council membership to include permanent standing members representing cities, counties and tribes.
- Streamlines EFSEC review of certain projects.

Improving disclosure of electricity resource

contents (by request of the Department of Commerce): Reporting requirements for the type and amount of electricity resources in our electricity supply have not been updated in almost 20 years. This bill requires disclosure of all known sources, prevents false and duplicate claims, and improves the timeliness of the disclosure of utility fuel mix to the public.

Extending funding for the solar energy

production incentive: In 2017, Inslee signed Senate Bill 5939 to extend the Renewable Energy Cost Recovery Program, which provides an incentive for solar energy production. The program has been extremely successful, supporting the development of more than 70MW of solar energy in Washington. It is approaching its statutory funding cap. This bill modifies the funding cap for the program, enabling the state to achieve its solar energy deployment goal.