

CLEAN ENERGY, GREEN JOBS



SENATE DEMOCRATS
WASHINGTON STATE



SENATE DEMOCRATS
WASHINGTON STATE

Clean Energy, Green Jobs

Being green can save you money – It could even make you money

The era when environmental interests and economic interests must compete is over. Today, it's possible to make progress on our economic goals while making progress on our environmental goals.

Senate Democrats' "*Clean Energy, Green Jobs*" package intends to capitalize on the fact that some of the fastest-growing opportunities for economic prosperity are in the green energy sector. Our "*Clean Energy, Green Jobs*" package will lower energy costs for consumers, provide training and jobs for unemployed workers, and create high-demand 21st century jobs in the clean energy sector.

Our "*Clean Energy, Green Jobs*" package achieves these goals by focusing on **energy efficiency; growing clean and green energy jobs and reducing transportation emissions.**

ENERGY EFFICIENCY

- **Goal #1: Lower energy costs to existing homes, business and farms**

Proposal: Sen. Phil Rockefeller has introduced SB 5649 to:

- Triple the number of homes weatherized under the existing low-income household weatherization program
- Assist middle income households and small businesses to increase their energy efficiency through energy audits and upgrades
- Assist farmers to increase their energy efficiency by conducting "whole farm" energy assessments
- Target job training in conducting energy audits and efficiency construction at community colleges and work force training programs.



The result: At full implementation, 20,000 buildings retrofit per year over five years. Using U.S. Department of Energy estimates for job creation in energy efficiency work, this would create 7,500 jobs.

The details: This legislation will combine funding from a variety of sources, including increased federal low-income household weatherization funds, anticipated significant federal stimulus funding to be directed to states for energy efficiency upgrades, targeting state capital budget funds toward energy efficiency in publicly funded housing, increased contributions from electric utilities toward weatherization programs, matching funds from local sponsors, and contributions toward the upgrade costs by homeowners and business owners.

This legislation will provide the impetus to knit together all of these sources into a greatly expanded effort to weatherize homes and businesses.

Federal funds for the Low Income Housing and Energy Assistance Program are expected to be greatly increased, resulting in about \$34 million for low-income weatherization this year.

The federal stimulus package is expected to have a large amount sent through the states for energy efficiency activities, which could mean \$100 million or more to our state from additional federal funds.

The legislation also has incentives for utilities to contribute toward this program, and these incentives become more attractive as their conservation responsibilities under I-937 begin to approach.

Additional funding for the training component and for state agency and publicly funded housing elements of the legislation may be addressed through a variety of sources, including the state capital budget and use of unemployment insurance worker retraining funds.

- **Goal #2: Lower energy costs within state government**

Proposal: Sen. Kevin Ranker has introduced SB 5560 to:

- Reduce state agency emissions of greenhouse gases to
 - 1990 levels by 2017,
 - 25 percent below 1990 levels by 2025, and
 - 50 percent below 1990 levels by 2035 *or* 70 percent below the business-as-usual projection for 2035, whichever is lower
- Increase the fuel economy of the state motor pool to 36 mpg by 2015
- Set targets for more efficient energy use in state buildings, beginning with a 2017 target to reduce consumption by 20 percent below 2011 levels.



The result: Heating and powering buildings comprise of about 30 percent of the state's carbon footprint. With this legislation, the state is leading by example.

The details: General fund state and private funding for measuring and tracking tools, and development of the carbon reduction and energy efficiency strategies. A fiscal note hasn't been prepared on the legislation yet, but these initial costs should not be extensive.

Agency vehicle fleet purchases to meet the miles-per-gallon target will be made on their regular replacement schedule. The costs of most building

efficiency improvements and vehicle purchases will be paid for on a life-cycle basis in the reduced energy costs for buildings and the reduced fuel usage in vehicles.

- **Goal #3: Lower energy costs for buildings**

Proposal: Sen. Derek Kilmer will introduce legislation to:

- Establish a goal of achieving "net zero" emissions in new buildings by 2030, with a 50 percent increase in efficiency in existing buildings, and
- Provide new authority to cities, counties and PUDs to provide energy efficiency loans and services
- Provide an incentive through a credit against the public utilities tax (PUT) for buildings meeting high Energy Star scores
- Require benchmarking in larger public and commercial buildings.



The result: The reduced energy use in buildings from this legislation will achieve millions of tons in reductions of greenhouse gas emissions by 2030.

The details: The Building Code Council already updates its code regularly, so additional costs to the Council are not anticipated from this legislation. The costs to state agencies to implement the building performance benchmarking will be addressed in the biennial budget. The PUT credit in the legislation is capped at a total of \$750,000 per year, and would impact the General Fund.

GROWING CLEAN AND GREEN ENERGY JOBS

Proposal: Sen. Phil Rockefeller will introduce legislation to:

- Convene
 - businesses providing clean energy products and services,
 - the technology development sector,
 - higher education and workforce training agencies, and
 - public sector agencies responsible for energy programs to develop a comprehensive strategy for growing the existing clean energy economy in Washington.



The result: The formation of the Clean Energy Collaborative, and a strategy to address all components of a successful economic development plan for the clean energy jobs of tomorrow, including research and development, manufacturing, marketing, demand growth, worker training, and business assistance and incentives.

The details: General fund state, plus federal funds.

- **Goal #2: Incentivize clean energy production**

Proposal: Sen. Phil Rockefeller has sponsored SB 5185 to:

- Expand the 2005 Renewable Energy Investment Incentives Payment program to include solar, and extend the program to 2025.
- Support community-owned solar projects



Proposal: Sen. Steve Hobbs has sponsored SB 5161 to:

- Renew the sales tax exemption on the equipment and installation of renewable energy to include geothermal and wave and tidal power, and expand it.



Proposal: Sen. Karen Keiser has sponsored SB 5429 to:

- Extend the existing cost recovery program for renewable power from its current expiration date of 2015 to 2025
- Expand the program to provide increased incentives to businesses and industrial plants that produce and use their own energy through solar.



The result: Washington's existing manufacturing strength can be used to help ensure that we are not just buyers and installers of solar panels, fuel cells, geothermal heat systems, wind turbines and tidal generators, but market leaders in their production as well. Also, the major warehouse and other commercial roofs in areas like Tukwila and Renton can provide a very visible demonstration to the public of the potential for producing solar energy, even in cloudy Western Washington.

The details: The Renewable Energy Investment Incentives Payment is paid for through utility credits against the Public Utility Tax. The impact of the current program is less than \$100,000 per year. The sales tax exemption for renewable energy referenced in SB 5161 currently expires in June of this year. This legislation would renew the exemption through 2019 and add wave power and geothermal power.

Since current estimates of the renewal indicated a substantial impact to the General Fund, Senator Hobbs and Senator Rockefeller are working with utilities and renewable power developers to revise the extension to target more of the assistance to fledging green power technologies.

SB 5429 expands the renewable energy investment incentives payment. It provides a higher per-kilwatt-hour payment for solar power produced by commercial and industrial businesses that install solar power for their building's use. It also provides a B&O tax credit for commercial or industrial businesses installing solar power. The bill excludes from property tax valuation any value increases to the property due to the installation of solar energy systems for electric generation or heating and cooling. The bill would cost \$1.2 billion for the biennium from the General Fund.

REDUCING TRANSPORTATION EMISSIONS

- **Goal #1: Help accelerate the transition to all-electric vehicles**

Proposal: Sen. Phil Rockefeller will introduce legislation to:

- Continue the existing sales tax exemption for hybrid vehicles through June 30.
- Extend the existing electric vehicle sales tax exemption beyond the current December 2010 sunset out to June 2013, and provide a partial tax exemption thereafter until 2020.
- Provide public transit agencies a sales tax break for purchases of vehicles in order to achieve "green fleet" certification. The exemption also applies to the costs of retrofitting vehicles to electric traction power.



Proposal: Sen. Fred Jarrett has sponsored SB 5418 to:

- Provide tax breaks and incentives for electric cars, batteries and infrastructure
- Direct state agencies to install charging stations along state-owned highways and park-and-ride lots
- Set a target for the state motor pools to become fully electric or biofuel powered by 2016



The result: These incentives will help spur purchases and provide demand-side market signals to help accelerate the development of the batteries and associated technology to make electric vehicles a more cost-competitive alternative to the internal combustion engine. This could help electric vehicles make up a third of cars on the road by 2020.

The details: The existing 24-month tax exemption for hybrid and clean cars is estimated to cost \$58 million over that period, almost entirely from the sale of hybrids. All-electric vehicles already enjoy this 24-month tax break. The added impact of including plug-in electrics and retrofit to electric is likely to be small in the upcoming biennium. The impacts will be greater in the out biennia when electric vehicle sales will increase greatly. The tax exemptions in SB 5418 include a sales and use tax exemption for purchase of electric vehicles (including plug-in electrics and plug-in hybrid electrics); a B&O tax exemption for the costs of electric

vehicles, batteries and the installation and use of charging infrastructure; and an exemption from leasehold excise tax for charging infrastructure by tenants on public lands.

- **Goal #2: Customizing car insurance to match miles traveled**

Proposal: Sen. Tracey Eide will introduce legislation to:

- Modify the Insurance Commissioner's process to help speed "pay-as-you-drive" auto insurance policies into the market



The result: At least one insurer will offer a pay-as-you-go option in Washington's auto insurance market by mid-2010, with other companies to follow suit after that.

The details: Representatives from the insurance industry and the Office of the Insurance Commissioner are meeting with Sen. Eide to identify any barriers to speedy introduction of pay-as-you-drive products. Legislation might include providing protection to insurers to safeguard their intellectual property (for instance, their proprietary algorithms) and authorizing the Insurance Commissioner to use an expedited process for approving pay-as-you-drive insurance products.