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Washington

January 4, 2012

## MEMORANDUM

**TO:** Council Members

**FROM:** Terry Morlan

**SUBJECT:** Presentation on the Washington State Energy Strategy

In December, the Washington Department of Commerce completed its 2012 Washington State Energy Strategy. It is the first comprehensive analysis to develop a state energy strategy for Washington since 1993.

The strategy chose a main area of focus and two other key areas that are considered to offer the greatest opportunities to transform energy use to better meet the state's major goals:

- Maintain competitive energy prices that are fair and reasonable for consumers and businesses and support our state's continued economic success;
- Increase competitiveness by fostering a clean energy economy and jobs through business and workforce development;
- and Meet the state's obligations to reduce greenhouse gas emissions.

The main area of focus is transportation and the other two key areas of potential improvement are building energy use and more diverse distributed and renewable energy supplies.

The 2012 Washington State Energy Strategy is posted on the Washington Department of Commerce website at the following link: <http://www.commerce.wa.gov/site/1327/default.aspx>

Howard Schwartz will summarize the strategy. Tony Usibelli, Director of the State Energy Office at the Department of Commerce, will be on the phone to answer questions and provide additional information. The PowerPoint presentation will not be available in time for the packet.

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washington

# STATE ENERGY STRATEGY

Leadership for a Clean and Efficient Energy Future

## 2012 Washington State Energy Strategy

January 11, 2012

NW Power and Conservation Council

Portland, OR



Department of Commerce

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# Why an Washington State Energy Strategy?

- Energy infrastructure underlies the entire economy
- Washington's energy expenditures consume over \$20B/year, 6% of GSP
- Clean energy technologies draw large investments: \$5B (23%) of \$22B U.S. venture capital in 2010
- Climate change mitigation and adaptation
- Energy independence and security

**Source:** Washington State Energy Office W0019 (\$20B/year); R Pernick & C. Wilder, *Clean Energy Trends 2011* published by Clean Edge, March 2011 (23% of venture capital).



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# Washington's Three Energy Strategy Goals

1. Maintain **competitive energy prices** that are fair and reasonable for consumers and businesses and support our state's continued economic success
2. Increase competitiveness by fostering a **clean energy economy and jobs** through business and workforce development
3. Meet obligations to **reduce greenhouse gas emissions**

Source: RCW 43.21F.010(4)



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# Nine Legislated Principles

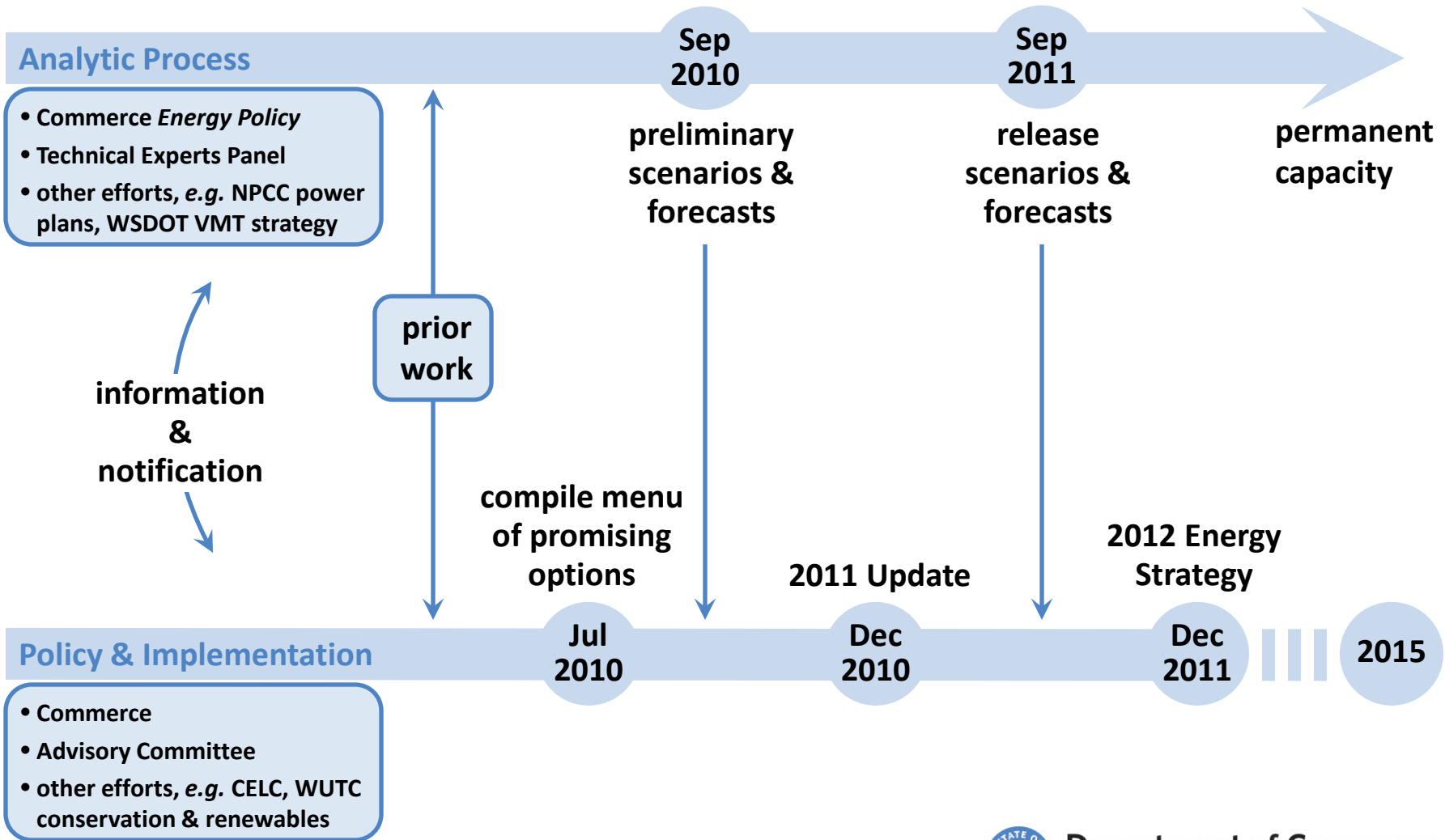
1. Pursue **conservation** as the preferred energy resource
2. Ensure our energy system meets the needs of citizens, especially **vulnerable populations**
3. Maintain and enhance **economic competitiveness**
4. **Reduce** dependence on **fossil fuels**
5. Improve efficiency of **transportation** energy use
6. Meet green house gas limits and **environmental requirements**
7. Build on our **clean electrical grid**
8. Make **state government a model**
9. Maintain & enhance **existing infrastructure**

Source: RCW 43.21F.088



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# Washington State Energy Strategy Process



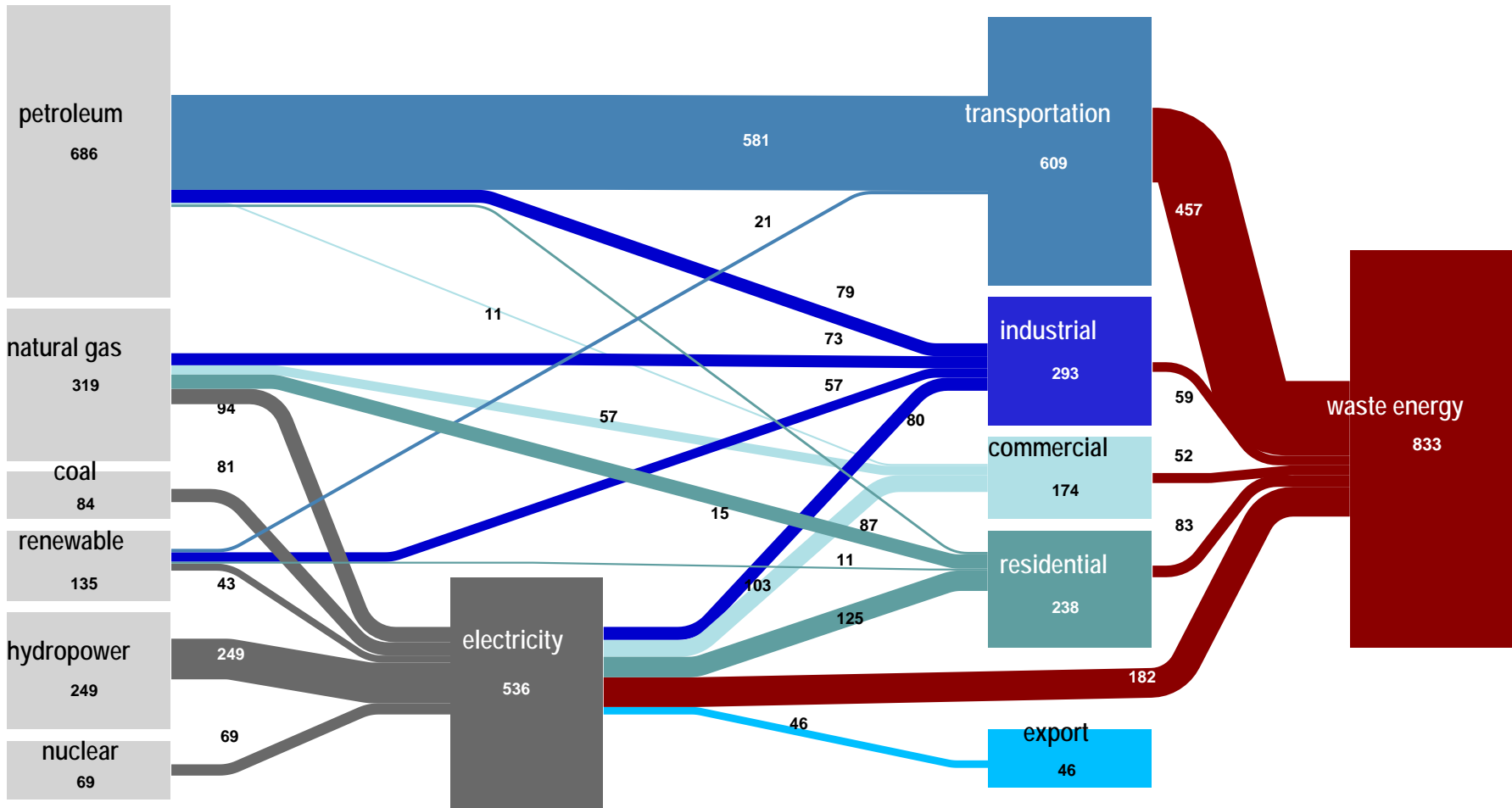
# 2009 Energy Flows in Washington State

Sources

Consumption

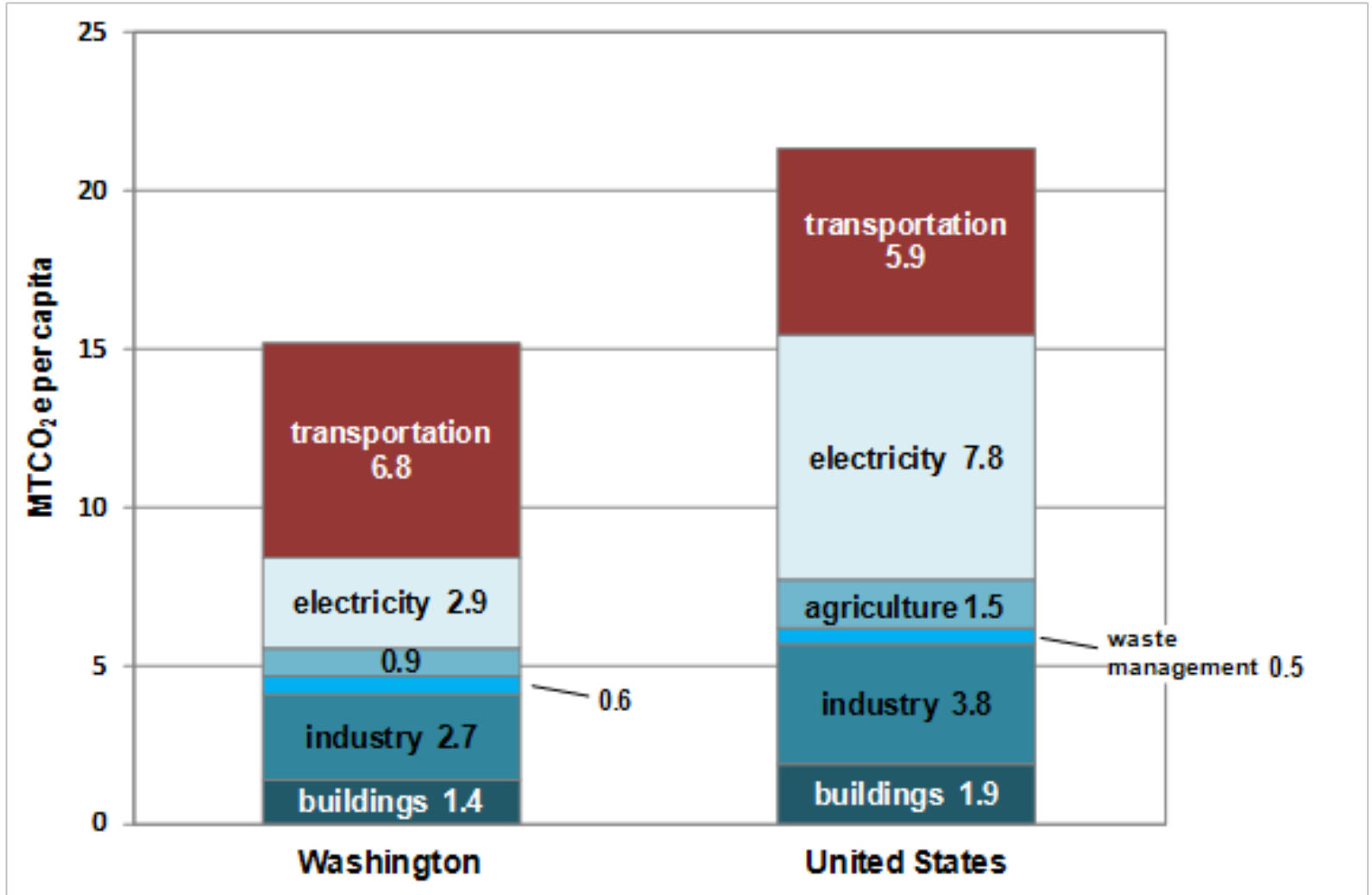
trillion Btu

trillion Btu



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# Washingtonians' GHG footprint



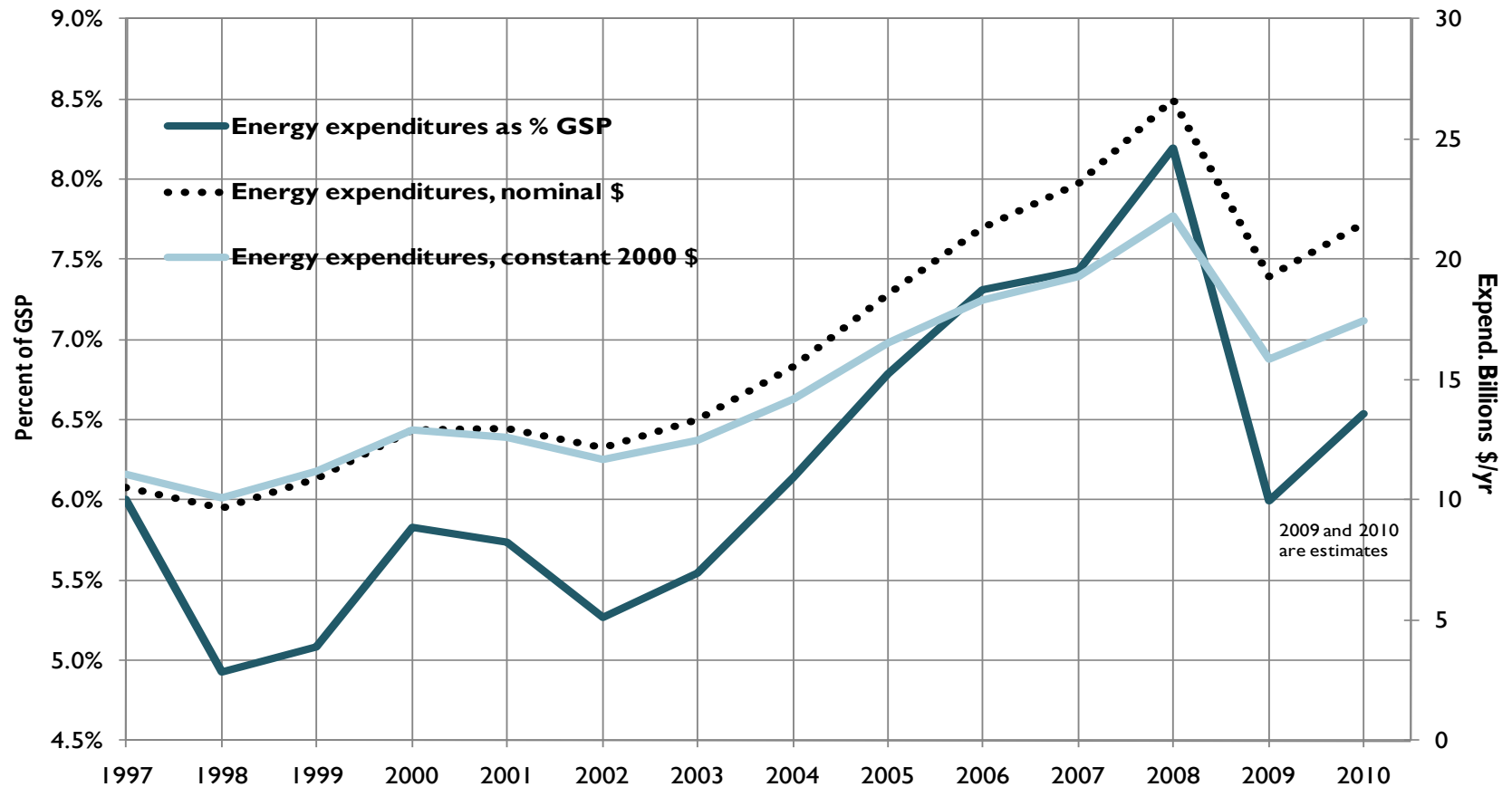
Source: Washington State Energy Office W0002



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# Energy Expenditures – Washington

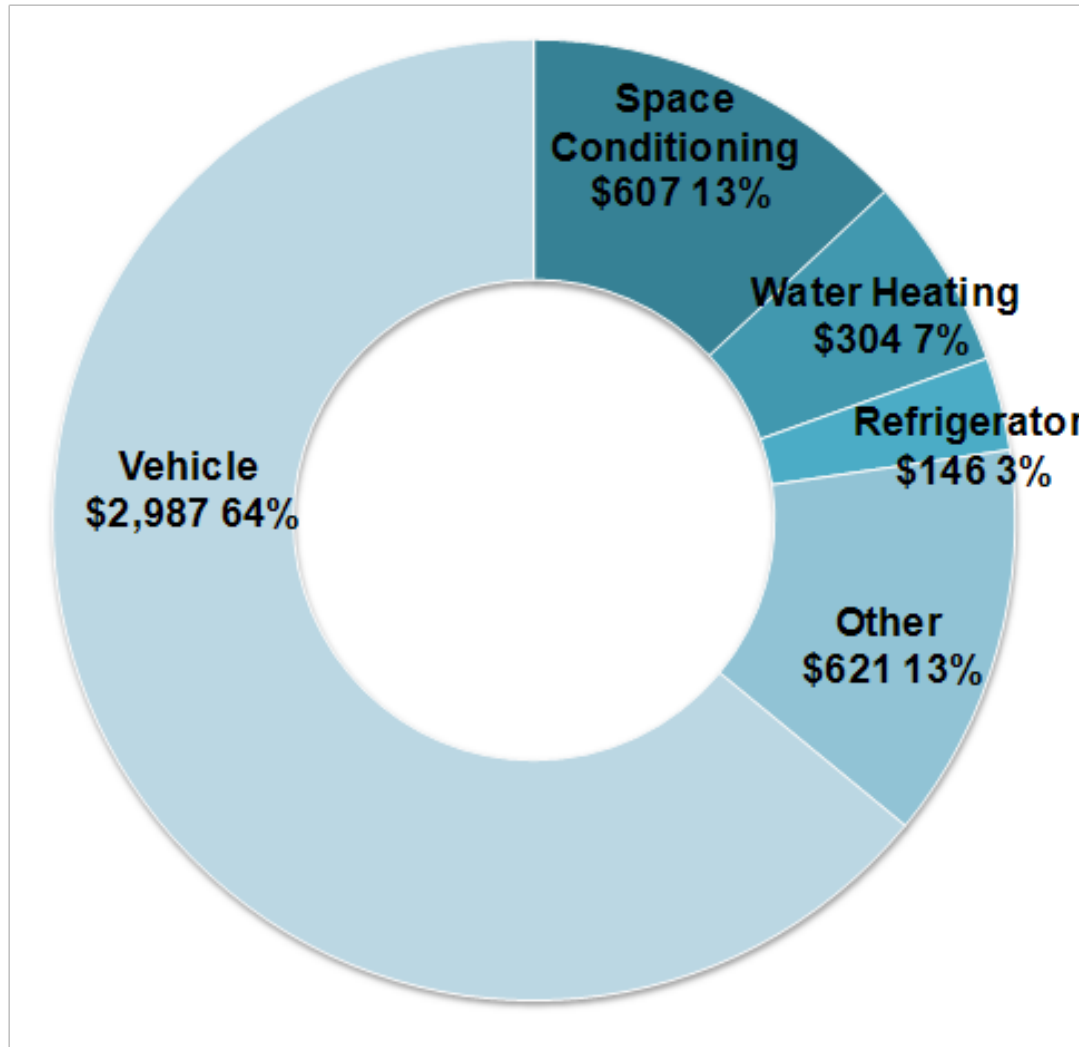


Source: Washington State Energy Office 2011 Biennial Report W0019



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# Energy bill of average WA household (2008)



Source: U.S. EIA Residential Energy Consumption Survey W0008



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# Policy Categories in All Three Focus Areas

## TRANSPORTATION EFFICIENCY

**vehicles and fuels**  
**travel efficiency**  
**pricing**

## BUILDINGS EFFICIENCY

**performance and  
transparency**  
**funding and  
financing**  
**low income and  
rental housing**

## DISTRIBUTED ENERGY

**facilitating DE  
development**  
**financial incentives**



# Near-term recommendations: transportation

## vehicles & fuels

**3.4.1** electric vehicle support

**3.4.2** RFS

**3.4.3** diesel engine fuel efficiency improvements

## travel efficiency

**3.4.4** Commute Trip Reduction program expansion

**3.4.5** smart growth and transportation planning

**3.4.6** transportation systems management

**3.4.7** Regional Mobility Grants

## pricing

**3.4.8** electric vehicle mileage pricing pilot

**3.4.9** car sharing and mileage based insurance



# Near-term recommendations: buildings

## performance & transparency

**4.4.1** non-residential disclosure

**4.4.2** residential disclosure

**4.4.3** marketing and quality assurance

## funding & financing

**4.4.4** meter-based financing

**4.4.5** energy efficient property conversions

## low income & rental housing

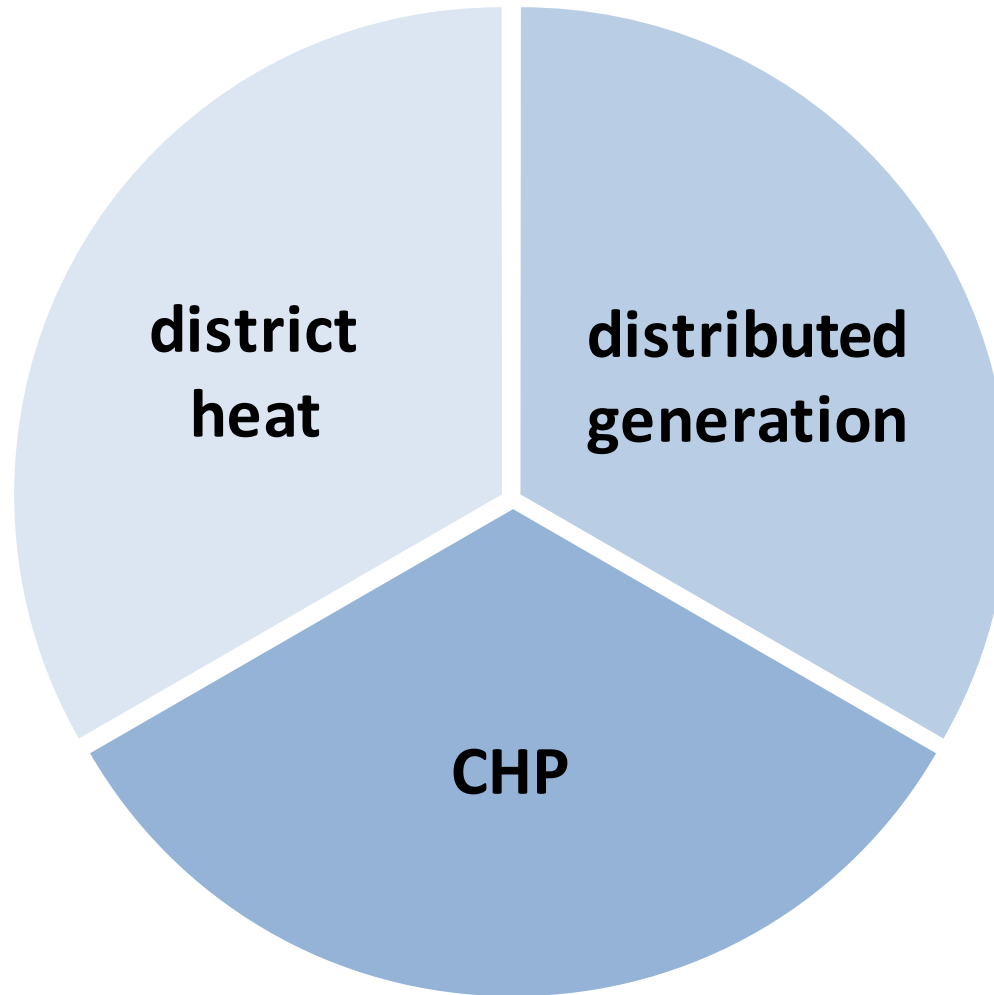
**4.4.6** minimum standards for rental housing

**4.4.7** sustaining investment in low-income weatherization programs

**4.4.8** prevailing wage class for weatherization



# “Distributed Energy”



# Near-term recommendations: distributed energy

## facilitating DE development

**5.3.1** interconnection standards

**5.3.2** net metering policies

**5.3.3** streamlined permitting for distributed energy

## financial incentives

*long-term options only*



# Long-term policy options: transportation

## vehicles & fuels

**3.5.1** revenue neutral  
feebate

**3.5.2** low carbon fuel  
standard

**3.5.3** advanced  
aviation fuels

**3.5.4** improvements  
to railroads

## travel efficiency

**3.5.5** comprehensive  
trip reduction program

**3.5.6** energy efficient  
transportation choices

## pricing

**3.5.7** emerging pricing  
methods

- congestion pricing
- mileage pricing
- cordon pricing

**6** carbon pricing





# Long-term policy options: distributed energy

## facilitating DE development

**5.4.1** DE-compliant power purchase agreements

**5.4.2** distributed energy in I-937  
(*contingent on I-937 revision*)

**5.3.3** streamlined permitting for distributed energy

## financial incentives

**5.4.3** rationalize DE incentives

- renewables sales tax
- production incentives
- biomass incentives
- distributed energy credit in I-937  
(*contingent on I-937 revision*)

**6** carbon pricing

