



— WASHINGTON GOVERNOR —

# JAY INSLEE

Policy Brief  
December 2020

*"We can achieve this transformation in a way that supports our other public policy goals for economic development, reliable and affordable energy supply, good-paying jobs, social equity and environmental justice.*

*We can make this transition in a way that both cleans up our air and jump-starts our economy. We know it's possible because it's happening right now all over our state.*

*Washington's culture of innovation, our skilled workforce and competitive advantage are our greatest assets, and they are the reasons we are a global leader in the clean energy transition."*

- Gov. Jay Inslee

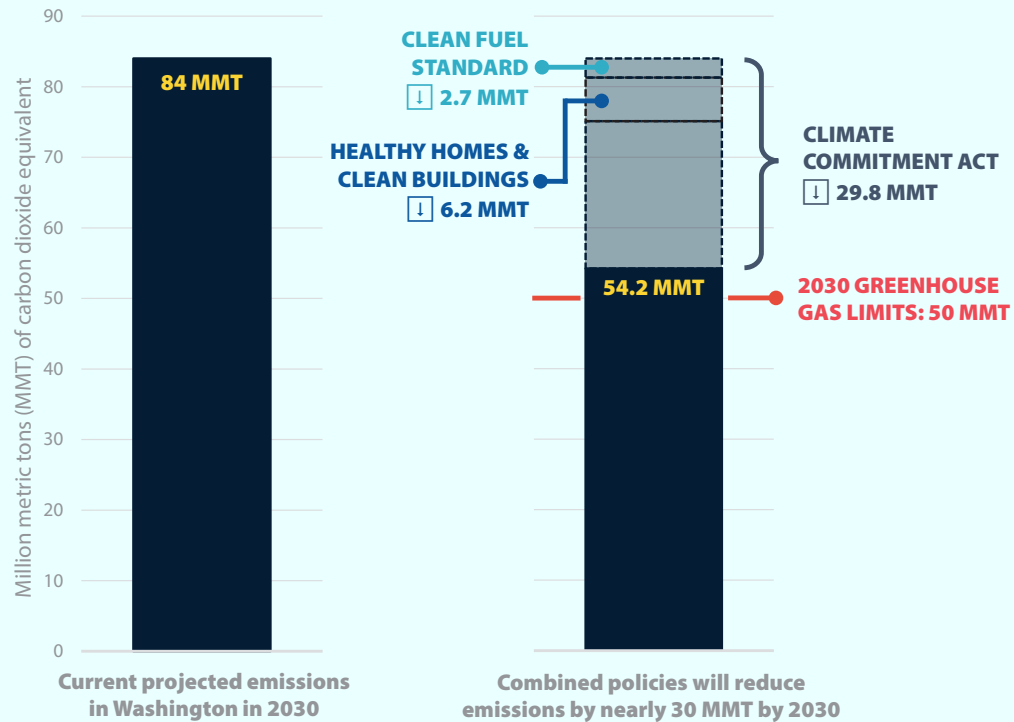
## Gov. Inslee's Climate Commitment

*As devastating wildfires burned thousands of acres across Washington in 2020, blanketing our state with smoke and unhealthy air, it was unmistakable that the effects of climate change were helping the fires start easier, spread faster, and last longer. The science is clear that climate change poses significant risks to our economy, our health, our environment and our way of life. Aggressive action to reduce greenhouse gas emissions throughout our economy is critical to avoid the worst impacts of climate change, and reduce the impacts already upon us.*

Gov. Jay Inslee is committed to achieving bold, science-based limits on the greenhouse gas emissions that are causing our climate to change. Getting the job done will require significant investments across multiple sectors – manufacturing, energy, transportation, the built environment, fuel production and more – to run our economy more efficiently, and transition to cleaner sources of energy. Our success to beat back the threat of climate change depends on our ability to reduce greenhouse gases consistent with the limits established in law: 45% below 1990 levels by 2030, 70% below 1990 levels by 2040, and 95% below 1990 levels by 2050.



## Inslee's comprehensive climate package makes significant progress toward achieving the 2030 greenhouse gas limits



### Pass the Climate Commitment Act

Inslee is proposing a bill to create a comprehensive climate program. This will meet the statewide greenhouse gas limits in RCW 70A.45.020, improve climate resilience, and reduce climate change impacts on communities and ecosystems. The bill, the Climate Commitment Act, establishes principles and standards for a comprehensive climate program that uses the best available science, provides the necessary authority, supports an equitable and inclusive transition, and invests in climate-related programs, activities and projects that we need to meet the challenge. To achieve these priorities, the act will:

- Cap greenhouse gas emissions:** The bill establishes a cap on greenhouse gas emissions for the state's largest-emitting industries. It authorizes the Department of Ecology to administer a program that ensures industries comply through the sale, tracking, and accounting of greenhouse gas credits, which are called allowances.

- Invest in community and climate resilience:** Proceeds from the sale of allowances will be directed into the climate investment account. These funds will then go toward investments that support clean transportation, natural climate resilience solutions, clean energy transition and assistance, and emissions reduction projects. All projects funded from the account must meet strong labor standards and support environmental justice and equity goals.
- Put environmental justice and equity at the center of climate policy:** Investments from the climate investment account must undergo an environmental justice analysis. This will make sure that funds are directed toward eliminating environmental harm and economic and health disparities for vulnerable populations and overburdened communities. The analysis will also help distribute the program's benefits equitably in communities around the state.

- **Adopt a strategic approach to climate resilience:** Reducing the biggest climate impacts for the most vulnerable populations improves our resilience to climate change impacts, protects our investments over the long-term, and sustains our natural resources, water and infrastructure for current and future generations.

The governor’s budget includes **\$12.6 million** to start implementing the Climate Commitment Act.

### Transition to clean transportation

Transportation is the largest source of greenhouse gas emissions in Washington and accounts for 45% of statewide emissions. To meet our greenhouse gas limits, we must transition to clean fuels, aggressively electrify our transportation infrastructure and help more people take advantage of options such as high-speed rail, electric vehicles, electric ferries and buses. Because Washington’s electric grid is among the cleanest and least expensive in the nation, transitioning to clean transportation is one of the best ways to cut carbon pollution.

#### Support clean fuels

A clean fuel standard is a market-based approach to cut greenhouse gas emissions from transportation fuels. The governor supports legislation to enact a clean fuel standard that would require fuel providers to clean up our fuel supply by reducing the amount of carbon in fuels — a 10% reduction by 2028 and 20%




reduction by 2035, and further reductions needed to meet the 2050 greenhouse gas limit.

Inslee proposes **\$2.85 million** for the Department of Ecology to implement a clean fuel standards program. The proposed program is technology neutral, which means the requirement can be achieved by any mix of alternative fuels that overall meets the average standard. A clean fuel standard will spur manufacturing investment and create jobs processing cleaner fuels here in Washington.

By adopting a clean fuel standard, Washington would join the rest of the West Coast — British Columbia, Oregon and California — that are all successfully operating CFS programs.

#### Expand electric ferries and transit

Washington State Ferries is the largest consumer of diesel fuel in the state (over 18 million gallons of diesel every year), and it’s the largest generator of

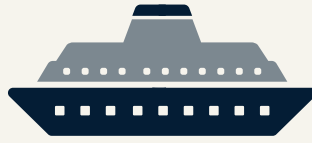


Cars and trucks alone emit nearly **1/3** of the state’s carbon pollution





Each new ferry produces **560** family-wage direct jobs + **890** indirect jobs



Each electric ferry will reduce **16,340 tons** of CO<sup>2</sup> emissions per year



Every **\$75 million** invested in ferry construction generates **\$90 million** of economic activity

greenhouse gas emissions in state transportation, with a total of 220,000 metric tons each year. Electrifying these vessels will improve reliability, save up to \$14 million a year on ferry operating costs, and virtually eliminate engine noise and vibration that can harm orcas. It will also significantly reduce diesel and carbon emissions in diverse communities that are disproportionately impacted by air pollution.

In 2019, Inslee secured funding for the electric conversion of a Jumbo Mark II vessel, and a second conversion was authorized. Funding was also secured for construction of a new 144-car vessel.

This year, the governor's budget gives the electric ferry program a major boost by funding the second electric ferry conversion, the construction of a second new

Olympic class hybrid electric ferry that holds 144 cars, and funding to build three charging stations that are critical to support these boats—a total investment of **\$318 million over four years**.

Inslee also proposes **\$15 million** in capital grants to help electrify transit systems.

#### ***Educate consumers about electric vehicles***

To increase the number of people who use electric vehicles and improve EV equity in Washington, we need to increase EV awareness. The governor's budget provides **\$1.5 million** to fund a program that promotes EV benefits and incentives, especially to residents with low income.

#### ***Coordinate ultra-high-speed corridor options with West Coast partners***

Recent feasibility studies demonstrated a compelling case for an ultra-high-speed rail corridor that will create jobs, increase affordable housing options, clean our air, improve safety and reduce traffic. The budget includes **\$3.25 million** to establish a coordinating entity with representation from Washington, Oregon and British Columbia. This group will conduct public engagement and integrate a high-speed rail corridor system with regional transportation plans. This includes developing equity-based goals for the project. Funding is critical to continue the work with partners in Oregon and British Columbia.





## Establish healthy homes and clean buildings

Now, more than ever, the comfort and efficiency of our homes and buildings plays a critical role in the health and safety of our families and communities. Residential and commercial buildings are the second-largest source of greenhouse gas emissions in Washington, accounting for one-fifth of statewide emissions. Over the next several decades, we need to make sure that most new buildings are built to use clean electricity for space and water heating, and retrofit existing buildings to be cleaner and more efficient to meet our greenhouse gas emissions limits. The buildings sector is also the largest source of clean energy jobs in Washington, making it a key sector for supporting a clean energy economic recovery.

Inslee's Healthy Homes and Clean Buildings policy and budget proposals will put the state on track to meet the greenhouse gas limits. It will also jump-start the transition by investing in programs that put people to work so they can make our buildings cleaner, safer and more efficient.

Healthy Homes and Clean Buildings Act: This bill will require any new buildings to be zero-carbon by 2030 and put the state on a path to eliminate fossil fuels

from existing buildings by 2050. The bill also creates a heat pump and electrification program to support clean electricity for space and water heating, and authorizes public utilities to provide incentives for high-efficiency electric equipment.

Inslee's proposed capital budget invests \$141 million in programs and projects to support the transition to cleaner buildings:

- **Healthier homes for low-income families: \$55 million** to weatherize and support energy efficiency investments for 7,000 low-income residences. This will lower a household's energy burden, improve health and safety and reduce carbon emissions.
- **Clean energy retrofits for public buildings: \$66 million** to retrofit more than 200 public buildings. This will reduce facility operating costs, lower greenhouse gas emissions and create high-quality construction jobs.
- **Next-generation clean buildings: \$20 million** to shift from fossil fuels to high-efficiency electric heat pumps and other electric equipment. This will create more grid-enabled, high-efficiency, all-electric buildings that use renewable energy and efficiency measures to significantly reduce energy loads.



### **Center environmental justice and equity**

Climate change is an existential threat that imperils human health, and access to clean air, safe drinking water, nutritious food and shelter. Vulnerable populations and communities exposed to environmental pollution over decades experience a disproportionate, cumulative risk from the impacts of climate change. Without proactive policy intervention, these communities are less likely to adapt or recover from climate change impacts.

The governor’s 2021 policy and budget proposals put environmental justice and equity at the center of the climate agenda. The proposals will:

- Reduce emissions in the most impacted communities.
- Ensure that the benefits of the clean energy transition are equitably distributed so that vulnerable populations aren’t left behind.
- Giving overburdened communities a voice, with a formal advisory role in climate governance.

### ***Invest in communities that have been the most impacted***

The governor proposes that any investment from the newly created climate investment account undergo an environmental justice analysis. This will ensure that funds are directed toward eliminating environmental harm and economic and health disparities for vulnerable populations and overburdened communities.

### ***Implement the Environmental Justice Task Force recommendations***

In 2020, the Environmental Justice Task Force found that Washington will achieve environmental equity when no single group or community faces disadvantages as they deal with the effects of the climate crisis, pollution, environmental hazards or environmental disasters. The task force recommended how the state can improve government accountability to communities; incorporate environmental justice into government structures, systems and policies; invest more equitably; and improve environmental enforcement.



Inslee proposes to implement these recommendations through the following actions:

- **Create a permanent Environmental Justice and Equity Advisory Panel in the Climate Commitment Act:** The panel will recommend plans and funding proposals for programs that the climate investment account funds. It will also analyze policies to determine how they affect overburdened communities, and recommend environmental justice and environmental health goals.
- **Equitably distribute state environmental investments:** As mentioned above, all investments from the climate investment account must undergo an environmental justice analysis. The state must direct a meaningful portion of climate investments toward communities that have been highly impacted by environmental pollution.
- **Incorporate environmental justice into state agency staffing and programs:** The Environmental Justice Task Force recommended that agencies dedicate at least one staff position to integrate environmental justice principles and equity into agency actions. Inslee’s proposed budget would help fund environmental justice and equity staff expertise in programs at several environmental and natural resource agencies. These include:
  - Department of Ecology – Advancing environmental justice and Title VI compliance, \$328,000 Model Toxics Control Operating Account
  - Department of Commerce – Equity and environmental justice mapping, \$100,000 GF-S
  - Puget Sound Partnership – Equity and justice staffing, \$576,000 Model Toxics Control Operating Account
  - Department of Natural Resources – Incorporate environmental justice into Urban & Community Forestry Program, \$2 million GF-S



## Clean energy investments

To support the transition to a just, equitable, clean energy economy, the governor is investing **\$100 million** in projects that provide a public benefit through development, demonstration, and deployment of clean energy technologies. These technologies can save energy, reduce energy costs and harmful air emissions, and increase community energy resilience. Projects that benefit vulnerable populations and overburdened communities, including tribes and communities with high environmental or energy burden, will receive priority consideration.

Inslee’s proposed capital budget includes the following investments in the Clean Energy Fund, to support the state as it implements the 2021 State Energy Strategy:

- **\$15 million for grid modernization projects** that advance community resilience; support integration of renewable energy sources, deploy distributed energy resources, and sustainable microgrids; and support implementation of the Clean Energy Transformation Act.
- **\$15 million for strategic research and development for new and emerging clean**

**energy technologies** to meet the state's climate goals, offer opportunities for economic and job growth, and strengthen technology supply chains.

- **\$20 million for innovative approaches to electrify transportation systems.** This would prioritize projects that demonstrate meaningful and enduring benefits to communities and populations disproportionately burdened by air pollution, climate change or lack of transportation investments.
- **\$20 million for next-generation clean buildings** and electrification projects that advance the goals of the 2021 state energy strategy. These would demonstrate grid-enabled, high-efficiency, all-electric buildings.
- **\$20 million for grants to nonprofit lenders** who provide revolving loans to address multiple market sectors for clean-energy technologies. These technologies help small businesses, nonprofit organizations, multifamily building owners, and homeowners reduce operating costs and achieve sustainability goals.
- **\$5 million to decarbonize the maritime sector** through electrifying ferries, vessels, ports, and adding charging and refueling infrastructure.
- **\$5 million for dairy digester bioenergy projects** that produce renewable natural gas and value-added biofertilizers, reduce greenhouse gas emissions, and improve soil health and air and water quality. Grants will target digesters in rural communities across Washington.

## 2021-23 CLIMATE INVESTMENTS

### CLEAN TRANSPORTATION



Ferry electrification  
**\$190.2M**



Transit electrification  
**\$15M** Transportation budget  
**\$20M** Clean Energy Fund



Decarbonize the maritime sector  
**\$5M**



Electric vehicle promotion  
**\$1.5M**

### HEALTHY HOMES & CLEAN BUILDINGS



Public building retrofits  
**\$66M**



Low-income weatherization  
**\$55M**



Next-generation clean buildings  
**\$20M**

### CLEAN ENERGY



Grants to nonprofit lenders for clean-energy loans  
**\$20M**



Grid modernization projects  
**\$15M**



Research and development for new clean energy tech  
**\$15M**



Dairy digester bioenergy projects  
**\$5M**