



*The fight against the climate crisis requires action to protect our families and communities from intensified fires, greater flooding, and extreme heat events that grow more harmful every year. Gov. Jay Inslee's 2022 legislative and budget climate package delivers action that builds on Washington's role as a leader in clean energy and economic growth. This suite of policies will expand access to clean buildings, create clean energy jobs statewide, and ensure equitable solutions for overburdened communities that disproportionately experience environmental harms.*

## Responding to the climate crisis and building Washington's clean energy future

While Washington is a leader in the nation in reducing climate pollution and implementing climate mitigation policies, current laws fall short of reaching the state's legal commitment to reduce climate pollution 45% below 1990 levels by 2030. Achieving the state's 95% reduction requirement by 2050 is an even more serious task.

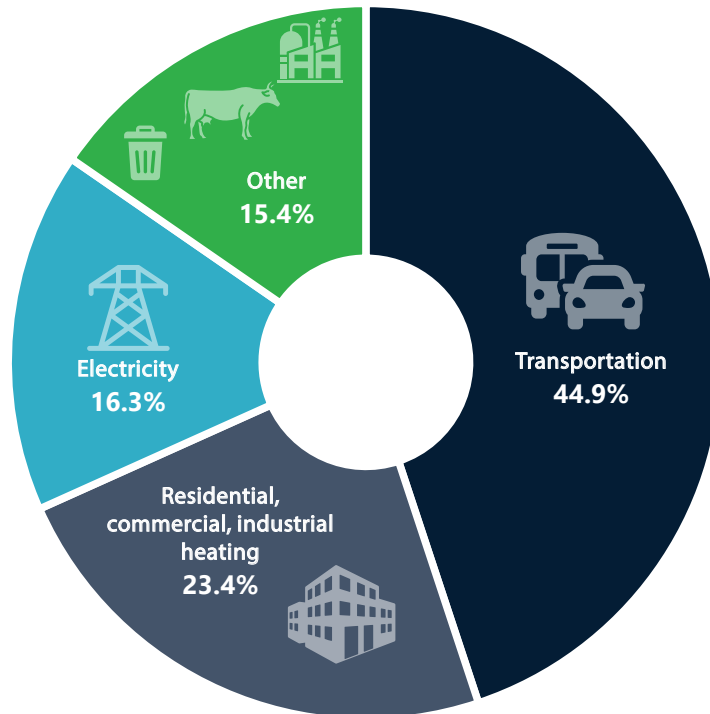
These commitments and limits require additional policies, investments, and partnerships.

In his 2022 policy and budget proposal, Inslee puts forward a \$626.5 million investment in a climate strategy that includes the following:

- Decarbonize the building sector.
- Successfully implement the Climate Commitment Act.
- Invest more in clean transportation.
- Build the clean energy future here in Washington.



## Sources of Washington greenhouse gases



Latest data, 2018  
Source: Washington State Department of Ecology

### Decarbonize the building sector

Residential and commercial buildings are the second-largest source of greenhouse gas emissions in Washington, accounting for one-fifth of statewide emissions. To meet our emission limits over the next several decades, we need to make sure the majority of new buildings use clean electricity for space and water heating and retrofit existing buildings to be cleaner and more efficient.

The building and construction sector is also the largest source of clean energy jobs in Washington, making it key for supporting a clean energy economic recovery. Inslee's building and clean heat policy proposals will reduce greenhouse gas emissions in several ways:

#### Strengthen energy codes for new buildings

The greatest source of emissions from the building sector comes from using natural gas for space and water heating. Inslee proposes a 'net-zero ready'

requirement for all new construction that begins in 2034. This means each project reduces energy use by 80%, uses all-electric equipment and appliances, implements electrical panel capacity and wiring for solar panels, and incorporates electric vehicle charging and battery storage. Electric appliances and equipment are already commercially available and cost-effective. Meeting this net-zero goal would establish a clear deadline to discontinue using fossil fuels in new homes and buildings. And when paired with the Clean Energy Transformation Act, this funding will help Washingtonians live in healthy homes powered by clean, renewable power.

Additionally, this proposal would allow local jurisdictions to adopt a new statewide 'reach code' for residential construction. If cities and counties want to go beyond state minimum requirements for energy use in commercial building construction, they can create their own reach code. However, they're currently banned from doing so for residential buildings. Offering a statewide residential reach

code would accelerate emissions reductions in new buildings while preventing a patchwork of different energy-related building requirements across the state. (\$753,000 Other)

### **Expand performance standards for commercial and multifamily buildings**

The life span of a building may vary between 50-100 years, meaning our existing building stock will be around for a long time to come. To meaningfully reduce emissions from these buildings, we need stronger standards to reduce energy use, and incentives for owners to reach those standards. The 2019 Clean Buildings Act allows the Department of Commerce to develop energy performance standards for buildings larger than 50,000 square feet and provide incentives to encourage efficiency improvements. To further reduce emissions, Inslee proposes to introduce a new tier of performance standards for buildings between 20,000-49,999 square feet. This includes large, multifamily buildings.

To help them reach these standards, technical assistance and funding will be available to building owners. Assistance will be prioritized to serve overburdened communities and low-income populations that experience disproportionate environmental harms. There are also anti-displacement provisions to protect tenants as a condition of funding. Any penalty revenue from noncompliant building owners will be put in the program for technical and compliance assistance. (\$1.7 million General Fund-State)

### **Improve utility customers' access to renewable energy**

Currently, investor-owned and co-op utilities are the only utilities allowed to use ratepayer funds for incentive programs to switch customers from fossil fuels to clean, efficient electric space and water heating. The governor proposes allowing consumer-owned utilities to have the ability to run similar programs for their customers, providing all Washingtonians the ability to switch from fossil

fuel heating to electric heating that is powered by renewable energy.

### **Reduce emissions through cleaner heat**

The 2021 Climate Commitment Act (CCA) requires gas utilities to reduce emissions in line with the state's statutory greenhouse gas limits. To ensure the gas industry is fully prepared for this transition while continuing to provide affordable, reliable energy services, Inslee proposes a bill that will require gas utilities to submit decarbonization plans to the Utilities and Transportation Commission (UTC) every four years. These plans can include a mix of emissions reduction strategies such as renewable natural gas, renewable hydrogen, and electrification. The UTC will



review and approve these plans, and enforce the steps toward reducing emissions while upholding safety and grid reliability standards. By planning ahead, we can ensure that the clean energy transition maintains Washington's legacy of affordable energy. (\$308,000 GF-S)

### **Improve the efficiency of state buildings and low-income residences**

Inslee's budget also funds capital projects that will help reduce emissions in state facilities and buildings that house low-income families:

#### **Weatherize homes**

The capital budget leverages approximately \$40 million in utility and federal funding to weatherize homes. This investment boosts energy efficiency and improves the health and safety of nearly 5,000 low-income and vulnerable households in hard-to-reach markets. The program also helps homeowners, tenants and multifamily households make sound energy efficiency investments through consumer education. (\$10 million bonds)

#### **Establish energy-related projects at state facilities**

The departments of Social and Health Services, Corrections, and Veterans Affairs will have funding to measure and monitor their campuses to better track their energy usage and perform internal energy audits. This helps them better target future improvements to reduce emissions. (\$2 million bonds)

The budget also invests in energy efficiency projects at other state agency facilities. This includes HVAC and water heater improvements, efficient boiler replacements, LED lighting and solar installations. (\$14.8 million bonds)

### **Successfully implement the Climate Commitment Act**

Washington's landmark 2021 climate law, the Climate Commitment Act, is an economywide cap and invest program with a declining cap on climate pollution and major investments in clean transportation,

clean energy, and natural climate solutions. The law helps expand air pollution measures and improves monitoring in overburdened communities. It also requires that at least 35% of cap and invest revenues, with a goal of 40%, benefit vulnerable populations in these communities, and that the state invest at least 10% of the revenue in tribally-sponsored or tribally-supported projects and programs.

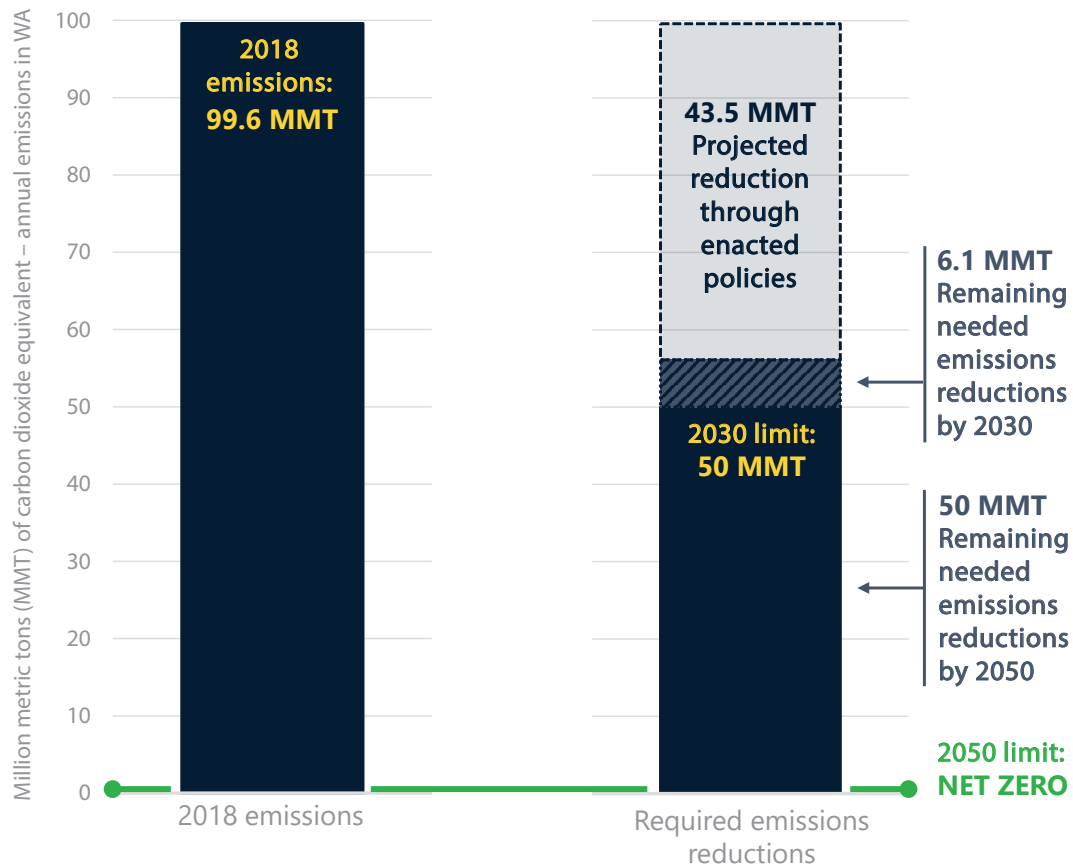
### **Create climate office to support the state's climate commitment**

The act requires the governor to establish a state governance structure that will provide accountability to achieve the state's greenhouse gas limits, implement a statewide approach to climate resilience, and build an equitable and inclusive clean energy economy. Inslee proposes the creation of the Office of Climate Commitment Accountability to align and strengthen existing climate laws, rules, and policies; prioritize funding to reduce emissions and address climate risks; and comprehensively engage overburdened communities. The office would work with agencies to develop and implement a biennial strategic climate work plan with performance milestones and accountability measures, and identify how state law can be improved to support the state's climate commitment. (\$1.9 million GF-S)

### **Help emissions-intensive, trade-exposed industries decarbonize and reduce industrial pollution**

The Climate Commitment Act requires Ecology to put forward agency-request legislation in 2022 that outlines how emissions-intensive, trade-exposed industries (EITEs) must reduce their share of the state's emissions through 2050. This includes sectors such as steel and aluminum, pulp and paper, and food processing. To help these industries, and to retain and improve manufacturing in the state, Ecology's legislation adds EITE emission reduction investments as an eligible use of cap and invest revenues. Inslee's budget also includes a \$50 million grant program to help EITE industries plan and implement

## Inslee’s climate package furthers greenhouse gas reductions to meet state limits



Source: Washington State Department of Ecology, Dec. 2021

decarbonization strategies, including upgrading equipment and processes. (\$50 million Energy Efficiency Account)

### Consult tribes on Climate Commitment Act investments

Inslee vetoed tribal consultation language in the Climate Commitment Act and asked tribal governments to work with him to develop language that enhances government-to-government consultation on the act’s investments. After a series of meetings with tribes, the governor is introducing legislation that provides a stronger, clearer consultation process. This includes protecting sacred sites, elevating disputes to the governor and elected

tribal leaders, and engaging in mediation. It also requires funding applicants to notify tribes early about projects that may impact tribes’ rights and interests. Inslee’s budget includes funding for tribes to engage with this process, and the legislation funds this tribal capacity with Climate Commitment Act revenues in the 2023 –25 biennium and beyond. The governor’s budget also includes additional staff at the Governor’s Office of Indian Affairs to help state government carry out tribal engagement and consultation on a variety of issues. (\$4.2 million GF-S)

### Expand air quality monitoring in overburdened communities

The Climate Commitment Act expands the state’s air



pollution monitoring in overburdened communities. These areas have disproportionately carried the heavier impacts of climate pollution and other air pollutants. The Department of Ecology determined that the initial appropriation for air quality monitoring was insufficient to cover our most-impacted communities, which is why Inslee’s budget calls for additional investment in this critical tool to measure and improve air quality. (\$1.5 million GF-S; \$500,000 Climate Investment Account)

### **Give state agencies the resources necessary to implement the act**

Since the passage of the Climate Commitment Act, state agencies have identified funding shortfalls for administering the act. The departments of Ecology and Natural Resources will receive additional resources to meet these new responsibilities. (\$1.3 million GF-S; \$1.4 million Climate Investment Account)

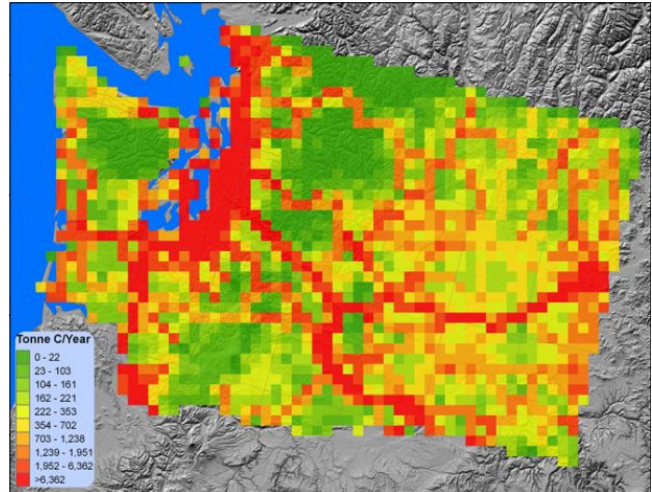
### **Invest more in clean transportation**

#### **Rebates for zero-emission vehicles**

Transportation represents the largest source of emissions in Washington. To adequately tackle these emissions, we need to accelerate the adoption of electric vehicles. Transitioning to electric vehicles is one of the best ways to cut carbon pollution. Washington’s electricity grid is already among the cleanest and cheapest in the nation – and thanks to the Clean Energy Transformation Act, is projected to achieve carbon neutrality by 2030 and be supplied entirely by renewable energy by 2045.

Washington currently provides sales tax exemptions to encourage consumers to purchase zero-emission vehicles (ZEVs). While helpful in many respects, sales tax exemptions alone will not deliver the rate of adoption we need to effectively mitigate transportation emissions.

To persuade more consumers to purchase electric vehicles (EV) instead of gas-powered vehicles, Inslee proposes \$100 million a year (on an ongoing basis) for a customer rebate that would reduce upfront



Higher concentrations of fossil fuel emissions (shown in red) from vehicles (including trains and aircraft), are shown to be mainly along highway corridors, and overlap with overburdened communities. Source: [National Oceanic and Atmospheric Administration](#)

buying costs and make EV prices comparable to those of internal combustion engine vehicles. Point-of-sale rebates have become the standard for EV sales incentives nationally and have been adopted by Oregon, California, Connecticut, Massachusetts, New York, Pennsylvania and Texas, as well as proposed in the federal Build Back Better Act. (\$100 million GF-S)

#### **How the program will work**

The Department of Commerce will oversee the rebate program for the purchasing or leasing of new or used electric vehicles. The rebate amount will vary by vehicle type and the manufacturer’s suggested retail price (MSRP). Rebates will be available for EVs with an MSRP under \$55,000 for sedans and \$80,000 for vans, SUVs and pickup trucks.

The standard rebates for new and used electric vehicles are:

- \$7,500 for new battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs)
- \$5,000 for used BEVs and FCEVs
- \$1,000 for zero-emission motorcycles and e-bikes

These basic rebates will be available to people who earn under \$250,000 per year as a single-tax filer, or

under \$500,000 per year for joint-filer households.

### **Additional rebate for low-income drivers**

The majority of our transportation emissions are concentrated along highway corridors, largely overlapping with overburdened communities. Making zero-emission vehicles accessible for income-qualified Washingtonians would significantly improve air quality in the most polluted areas of our state by taking older, fuel-inefficient cars off the road. Individuals with an income below \$61,000 (60% of state median income) will get an additional \$5,000 rebate toward the purchase of a new or used EV. This will reduce the upfront costs for low-income vehicle buyers and avoid simply replacing aging internal combustion engine vehicles with newer, fossil fuel-powered cars.

### **Electrify the state vehicle fleet**

In November 2021, Inslee announced an executive order to fully electrify the fleet of vehicles owned by state agencies. The order requires agencies to transition to a 100% zero-emission light duty fleet by 2035, and transition to 100% zero-emission medium- and heavy-duty state fleets by 2040.



The governor's budget provides funding for the state to develop implementation plans to transition state fleets to zero-emission vehicles, build out electric vehicle charging infrastructure, maintain chargers, and manage the program. Funding to acquire EVs is not required, as electric vehicles have proven to be more cost-effective than internal combustion engine vehicles. However, we will need additional investments in future years for EV charging infrastructure at state facilities. (\$4.2 million GF-S)

### **Invest to support clean transportation**

To meet our greenhouse gas emission reduction goals, we must aggressively transition to clean energy and improve the accessibility, affordability, safety, and reliability of clean transportation. We must increase state investments in cleaner fuel ferries, statewide EV charging infrastructure, clean bus technology, and improvements to transit, bicycle and pedestrian infrastructure to meet our goals.

It is estimated that \$127.3 million in new funds generated by the Climate Commitment Act will be available in the last quarter of the current biennium to use for clean transportation activities. The governor proposes using at least 50% of the new funds for transportation activities in overburdened communities. This supports the act's vision, which calls for funding transportation activities in overburdened communities and directs the Environmental Justice Council to provide spending recommendations to the governor and Legislature.

The governor's budget proposal includes the following investments:

- \$323.9 million of new funding in the Puget Sound Capital Construction Account, supported by a one-time transfer from the state General Fund for ferry electrification, specifically to:
  - Fully fund the first 144-car hybrid-electric ferry.
  - Build a second 144-car hybrid-electric ferry.
  - Convert the second Jumbo Mark II vessel to hybrid-electric.



Gov Jay Inslee with King County Executive Dow Constantine and Metro General Manager Terry White, next to a new all-electric Metro bus..

- Build three terminal charging stations that the state needs to operate a growing hybrid electric fleet.
- \$33 million in additional capital and planning grants to help transit agencies shift to clean alternative fuel buses with at least 50% set aside to support transit bus transitions in overburdened communities. (Carbon Emissions Reduction Account)
- \$22.9 million in additional funding to support EV charging infrastructure, education, outreach, and EV adoption. (Federal National Electric Vehicle Program funds, Carbon Emissions Reduction Account, Multimodal Account)
- \$45 million in additional funding to support safe routes to school and bicycle and pedestrian safety grants with at least 50% set aside to support transit bus transitions in overburdened communities. (Carbon Emissions Reduction Account)
- \$30 million for special needs transit grants with at least 50% set aside to support transit bus transitions in overburdened communities. (Carbon Emissions Reduction Account)
- \$7.2 million to fund state bikeways and trail networks that complete and connect regional trails (Federal Carbon Reduction Program).
- \$10 million to fund a new transit access grant program. This will support increased levels of service at transit agencies with at least 50% set aside to support transit bus transitions in overburdened communities. (Carbon Emissions Reduction Account)
- \$4 million in bonds to support the Mount Vernon Library Commons Project, which includes the addition of 75 EV charging stations, doubling the capacity of public EV charging along the I-5 corridor between Seattle and Vancouver, B.C.



## **Build the clean energy future in Washington**

Washington is already home to many innovative companies that are building our clean energy future, ranging from wind and solar power generation facilities to companies manufacturing electric airplanes and new battery technologies. Together, Washington's current and proposed clean energy laws create demand for new energy, fuels and technologies to power our low-carbon future. Inslee believes we can and should build the clean energy future here in Washington, and that we can demonstrate how to do it right by creating good jobs, energy, and technologies while protecting the environment, communities, and tribal rights.

### **Modernize the Energy Facility Site Evaluation Council to support responsible clean energy siting**

The Energy Facility Site Evaluation Council, created in the early 1970s, performs environmental reviews, sites new facilities and manages a permit process for energy projects. Today, a successful transition to a clean energy economy requires siting new facilities to build that future in Washington, and an efficient, effective, transparent decision-making process. Inslee proposes improvements to the council and its processes. This includes adding project types such as clean energy product manufacturing, clean energy storage, and renewable/green hydrogen production. The governor's legislation also adds tribal government representatives to the council and tribal consultation requirements to the process, and makes the council a standalone agency with dedicated state funding. (\$1 million GF-S)

### **Invest in improving clean energy siting success**

The governor's budget includes funding for additional staff at the Department of Fish and Wildlife to help inform mitigation decisions for solar facility proposals, seeking solutions that enable clean energy generation

and protect disappearing shrub-steppe habitats. The Department of Ecology will also get new staff to enhance clean energy siting and help with permits. The Department of Commerce is funded to conduct a study of the benefits of agrivoltaics, the dual use of land for both agriculture and solar energy production in Washington. (\$902,000 GF-S).

### **Recruit clean energy industry and good jobs with investments and incentives**

Our nation-leading 100% clean electricity law, the Clean Energy Transformation Act, includes tiered tax incentives tied to labor standards to demonstrate how clean energy and good jobs go together. To recruit clean energy industries, the governor's budget supports a sales-and-use tax deferral to construct clean energy manufacturing facilities, store energy generated from renewable sources, and produce clean fuels and renewable and green electrolytic hydrogen.

### **Bolster the Clean Energy Fund**

The governor proposes to invest in industrial decarbonization through the Clean Energy Fund. The fund helps the state develop, demonstrate and deploy clean energy technologies. The supplemental budget will fund two additional major clean energy projects. One is the first phase of an aluminum smelter restart project which, when fully deployed, will reduce emissions of greenhouse gases by at least 750,000 tons per year, increase energy efficiency, and protect or create aluminum manufacturing jobs in Whatcom County. The other is a grant to the Grant Public Utility District for public infrastructure that supports construction of a solar manufacturing facility in central Washington. (\$17.6 million bonds)

### **Install solar and energy storage on buildings statewide**

The governor's budget funds solar installation grants to accelerate the transition to 100% clean energy while also providing high-paying jobs. These grants would be used to purchase and install solar energy systems paired with energy storage, including solar modules and inverters, and any controls necessary to

pair the technology. Grant funding could also support design and predesign efforts, feasibility studies, and retrofitting existing solar projects with energy storage. Eligible recipients include retail electric utilities, tribal governments, school districts, local governments, state agencies, housing authorities and nonprofit entities. Grants would include funding for projects that provide benefits to overburdened communities and vulnerable populations, as well as priority funding for tribes and rural communities. (\$100 million GF-S)

### **Invest in developing the workforce**

Inslee’s budget creates a Clean Energy Workforce Transition Work Group to create a long-term strategy to prepare and transition the workforce to fill good-paying, skilled, clean energy jobs. New technologies will demand change from our training systems and we can best support workers’ transitions by customizing our help based on where they are in their career. Convened by the Workforce Training and Educating

Coordinating Board and Department of Commerce, the work group will engage business, labor, and education and training stakeholders to develop a workforce development, training and transition plan. (\$407,000 GF-S)

We will also make a one-time investment into the Clean Energy Transition Workforce Account (\$24.8 million) to directly support workers and their eligible expenses.

### **Support battery research and development**

The governor’s budget provides funding to the University of Washington Clean Energy Institute to construct a battery fabrication testbed for testing the performance of new battery technology, and bolster existing equipment. (\$7.5 million bonds; \$3.5 million GF-S)



## Climate strategic agenda

### Summary of investments, 2022 supplemental, operating and capital budgets

Focus area	Items	Agency	Amount
<b>Decarbonize the building sector</b>	Strengthen building energy codes – proposed legislation	State Building Code Council, Commerce	\$753,000
	Building performance standards – proposed legislation	Commerce	\$1,680,000
	Clean heat standards – proposed legislation	Utilities and Transportation Commission	\$308,000
	Renovating low-income housing through weatherization	Commerce	\$10,000,000
	Clean energy projects and monitoring at state facilities	Dept. Social and Health Services, Corrections, Veterans Affairs, Health	\$16,801,000
<b>Total</b>			<b>\$29,542,000</b>
<b>Successfully implement the Climate Commitment Act</b>	State agency implementation funding	Ecology, Dept. of Natural Resources, Transportation	\$2,748,000
	Climate governance structure	Governor’s Office	\$1,948,000
	EITE decarbonization	Commerce	\$50,000,000
	Tribal consultation on investments	Ecology	\$4,232,000
	Expanding air quality monitoring	Ecology	\$1,927,000
<b>Total</b>			<b>\$61,105,000</b>
<b>Invest more in clean transportation</b>	Rebates for zero-emission vehicles	Commerce	\$100,000,000
	Electrify the state vehicle fleet	Dept. of Enterprise Services, Commerce	\$4,194,000
	Electric vehicle promotion	Transportation	\$1,000,000
	Electric vehicle equipment	Agriculture	\$217,000
	Washington state ferry electrification	Transportation	\$91,300,000 <sup>1</sup>

<sup>1</sup>Total investments in ferry electrification over 3 years is \$323.9m, supported by a one-time General Fund-State transfer.

Focus area	Items	Agency	Amount
	Green transportation capital grants	Transportation	\$30,000,000
	Electric vehicle charging infrastructure	Transportation	\$21,900,000
	Rural electrification	Transportation	\$3,000,000
	Expand safe routes to schools and bike and pedestrian safety	Transportation	\$45,000,000
	Special needs transit grants	Transportation	\$30,000,000
	State bikeways and trail networks	Transportation	\$7,200,000
	New transit access grant program	Transportation	\$10,000,000
	Mount Vernon Library Commons electric vehicle charging stations	Commerce	\$4,000,000
<b>Total</b>			<b>\$347,811,000</b>
<b>Build the clean energy future in Washington</b>	Modernize the Energy Facility Site Evaluation Council	Energy Facility Site Evaluation Council	\$5,263,000
	Solar expansion and habitat protection	Fish and Wildlife	\$402,000
	Solar installation and energy storage grant program	Commerce	\$100,000,000
	GHG assessments for projects	Ecology	\$538,000
	Clean energy project siting permit assistance	Ecology	\$350,000
	Agrivoltaics study	Commerce	\$150,000
	Clean energy manufacturing tax incentives	Revenue	\$166,000
	Central Washington solar manufacturing facility	Commerce	\$10,000,000
	Aluminum smelter restart project	Commerce	\$7,672,000
	Clean Energy Workforce Transition Workgroup	Commerce, Workforce Board	\$407,000
	Clean Energy Transition Workforce Account	Commerce	\$24,800,000



Focus area	Items	Agency	Amount
	UW Clean Energy testbeds	Univ. of Washington	\$11,000,000
<b>Total</b>			<b>\$160,748,000</b>
<b>Other climate investments</b>	Sustainable farms and fields	Conservation Commission	\$2,000,000
	Climate change resilience	Parks Commission	\$983,000
	Grants for local implementation	Commerce	\$19,340,000
	Reduce food waste	Ecology	\$1,000,000
	Energy emergency management	Commerce	\$469,000
	Integrating climate solutions	State Board of Tech. and Community Colleges	\$1,500,000
	Next generation science standards	Office of Superintendent of Public Instruction	\$2,000,000
<b>Total</b>			<b>\$27,292,000</b>
<b>Grand total</b>			<b>\$626,498,000</b>