
Washington State Energy Strategy Advisory Committee

Final Report

December 18, 2020

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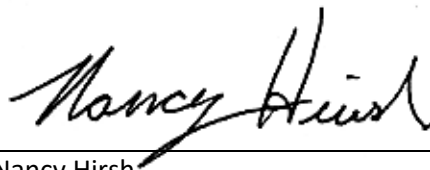


Message from the Advisory Committee Co-Chairs

As Co-chairs of the Washington State Energy Strategy Advisory Committee we submit this report on behalf of the committee as a description of our collective work in 2020. We acknowledge and appreciate the contribution of all the Advisory Committee members to this effort. Thank you for the opportunity to participate in this important process, and please do not hesitate to contact us with any questions about the Advisory Committee.



Reeves Clippard
Chair, Executive Committee, CleanTech Alliance
Chief Executive Officer, A&R Solar



Nancy Hirsh
Executive Director
NW Energy Coalition

Introduction

Throughout 2020, as directed by statute and organized by the Washington Department of Commerce, the Washington State Energy Strategy Advisory Committee provided guidance, advice, and recommendations to the Department of Commerce, Governor's Office, and technical team from the Clean Energy Transition Institute (CETI) for the development of Washington State's 2021 Energy Strategy. Advisory Committee members engaged each other, state staff, and the CETI team on a range of energy issues. This report provides a high-level description of that process. It is far from conveying the depth and breadth of individual views and is not intended to do so. Rather, members provided direct advice and recommendations that are documented in meeting summaries and recordings as well as written comments from individuals and groups of members submitted directly to the Department of Commerce and available on the Department's website.¹ This report accompanies the State Energy Strategy as it is transmitted from the Department of Commerce to the Governor's Office and relevant legislative committees.

Individual contributions from Advisory Committee members and group discussions among them included support for aspects of the Energy Strategy, as well as critiques. Discussions, especially in small groups, were highly substantive and rich with multiple perspectives on a broad range of issues. This input undoubtedly guided the content of the strategy and challenged the state to refine it in areas of highest concern and attention from members. Members did not agree on everything and were not asked to reach consensus on aspects of the Energy Strategy or formally approve it in final form. This report does not imply endorsement of the Energy Strategy, in whole or in part, by individual Advisory Committee members.

During this process, it became clear that the path to meeting the goals of the Energy Strategy will be challenging and will require coordinated and collaborative effort by all levels of government, business, industry, communities, and residents of Washington. It was also clear that the opportunities for economic growth and investment in innovation and in our communities is significant and vital to our environmental sustainability.

Advisory Committee Background, Charge, and Purpose

The Department of Commerce convened the Advisory Committee to provide guidance, advice, and recommendations for the review and update of the 2021 State Energy Strategy. This review and update was authorized during the 2019 legislative session (RCW 43.21F.090) in legislation that required Commerce to complete the update by the end of 2020.

As outlined in legislation, the committee included representatives of utilities, industry, local government, tribes, labor unions, civic organizations representing vulnerable populations,

¹ All Advisory Committee meeting materials, recordings, written summaries and written comments from members are available at the 2021 State Energy Strategy website: <https://www.commerce.wa.gov/growing-the-economy/energy/2021-state-energy-strategy/>

environmental organizations, government officials, and legislators. Governor Jay Inslee appointed committee co-chairs from the membership.² The law provided that a written report from the Advisory Committee would be conveyed by Commerce to the Governor and the appropriate legislative committees. The Advisory Committee established for purposes of the State Energy Strategy revision would then be dissolved within three months after conveyance of the written report.

As documented in its charter,³ the purpose of the Advisory Committee was to:

- Provide independent guidance, advice and recommendations on the State Energy Strategy as it is being developed, especially helping Commerce understand high-level implications, trade-offs, and opportunities associated with implementation of proposed strategies as they relate to energy planning goals and principles and to particular interests, sectors, and regions of the state.
- Provide a venue for broader public involvement through open Advisory Committee meetings, a public hearing on the Advisory Committee's advice and recommendations, and, as appropriate, by providing advice to Commerce on actions that can be taken to engage and hear from key interests and constituencies throughout the region, including historically underrepresented groups.
- Provide review and feedback on the draft State Energy Strategy to inform final Strategy development.
- Describe the Advisory Committee process and guidance in a written document to be conveyed through Commerce to the Governor and appropriate legislative committees, either as a stand-alone submittal or an attachment to the State Energy Strategy report.

Advisory Committee Process

The Advisory Committee formally met eight times during 2020 to assist in the scoping of the strategy and underlying technical analysis, provide insights about interim findings and proposals, and review the draft and final strategy. Meetings included presentations and time for questions and answers as well as several opportunities for members to convene in small group discussions. Following Advisory Committee meetings in September, November, and December, Advisory Committee members were asked to provide written comments on outlines and drafts of the Energy Strategy as it was developed and revised by the Department of Commerce. Members of the public were provided opportunities to listen to all Advisory Committee meetings and provide public comments.

In addition to the eight formal meetings, the Advisory Committee convened for two webinars on deep decarbonization analysis, and many members were involved in a parallel Technical Advisory Process (TAP) led by the CETI technical team. Through the TAP, many Advisory Committee members (along with other experts) contributed to development of sector-specific and cross-cutting proposals for strategies, policies, and actions that informed the content of the Energy Strategy. In December 2020, Advisory

² A list of Advisory Committee members is provided in Appendix A of this report. For brief bios, see: <https://www.commerce.wa.gov/growing-the-economy/energy/2021-state-energy-strategy/state-energy-strategy-advisory-committee/>

³ 2021 Washington State Energy Strategy Advisory Committee, Advisory Committee Charter: https://www.commerce.wa.gov/wp-content/uploads/2020/06/SES-Adv-Comm-Charter_final.pdf

Committee Co-Chairs and several members also participated in public hearings on the final draft strategy to hear public comments.

The COVID-19 crisis erupted soon after the Advisory Committee's first meeting in early 2020. Not only did this create new challenges for the state's economy and society but also for the Advisory Committee process. Except for the first committee meeting, all meetings were conducted virtually, often in all-day video conference sessions. Advisory Committee members made substantial effort to attend and participate in each meeting. In addition, the Advisory Committee Co-Chairs, CETI team members, and representatives from Commerce and the Governor's office reached out directly to individual members during the year to help ensure their input was brought into the process.

The development of the Energy Strategy was a large undertaking and always under pressure to meet the legislated deadline of December 31, 2020. The Advisory Committee experienced that pressure directly along with the CETI Team and others working on the project and the process often felt like laying the tracks before a speeding train. Ideally, the Committee would have had more time for understanding, reflection, and contribution to strategy development as well as time to effectively engage their constituencies and other allied stakeholders whose voices and interests they sought to bring to the committee's work. This said, the opportunity to exchange information and for dialogue among Advisory Committee members was valuable in and of itself and provided insights and understanding that will serve the state as the Energy Strategy is implemented.

Advisory Committee members collectively brought hundreds of years of experience and expertise to the Energy Strategy's development. However, members recognized that this group, whose membership was guided by specific legislative language, did not represent the breadth and diversity of stakeholders and communities that may be affected by actions resulting from strategy implementation. As recommendations in the Energy Strategy are considered for adoption, there is still much work to be done to involve communities and workers to fulfill the equity principles and workforce goals enshrined in the strategy.

Key Areas of Advisory Committee Discussion

Advisory Committee discussions and meetings served as a key forum for the Department of Commerce to gain stakeholder input and insight on the Energy Strategy from a range of perspectives. Committee members helped Commerce understand implementation issues across sectors and interests and helped identify policies and actions to meet the state's legislatively established greenhouse gas reduction limits. Members helped identify approaches that could support Washington's continued economic success and increase its competitiveness. They highlighted opportunities and challenges for addressing historical inequities and mitigating inequities in strategy implementation for those unable to bear increased costs or face barriers to benefiting from economic transitions.

Advisory Committee members shared a recognition of the challenge of balancing the legislated State Energy Strategy 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 Advisory Committee was well aware that the greenhouse gas reduction limits set by the legislature and referenced as one of the energy strategy goals meant that the state would need to largely transition away from fossil fuels by mid-century with only a small amount of use remaining, for example to ensure reliability if needed. It was clear that industries supplying fossil fuels and consumers reliant on them would be directly impacted. In light of the legislated goals, the focus of the Advisory Committee was to contribute to discussions about how best to manage this transition for the economy and customers in a timeframe that maintains reliable and affordable energy services.

Advisory Committee discussions converged in some areas where members saw shared opportunity as well as a shared recognition of remaining challenges. Throughout the process, there were several areas that received ongoing attention and garnered robust discussion. Although by no means exhaustive, several of these areas are described below to give a sense of the magnitude of the issues and the nature of Advisory Committee discussions.

Reliability and Resource Adequacy

The transition of the electricity sector to clean energy resources provides an opportunity to meet the state's energy service needs through a variety of new resources. It will require an integrated and smart system that delivers the level of reliability and resource adequacy that we have today—or better. Ensuring reliability and resource adequacy will require more innovation with technologies, smart and optimized systems, and an expanded and modernized grid. It will require bottom-up planning and technological and human systems that enable behavior changes (e.g., to shape and shave peaks). If done right, the outcome will be a more resilient, more reliable, and lower cost electricity supply.

However, integrating new components on both the supply and demand sides of the electricity system—in other words figuring it all out and getting them to work together—is very complicated. It is likely to be a bumpy road that will require course corrections along the way. California's recent experience is a cautionary tale from which Washington should learn. While markets may be part of the reliability solution, they also have their perils, such as volatility, excessive scarcity, and price manipulation. The details of implementation will be critical.

Equity

The Energy Strategy should advance equity based on a clear understanding of who benefits from new technologies and opportunities as well as who may bear new burdens related to costs, siting, and other issues—in the short and long runs. The structural, procedural, and distributional dimensions of equity

articulated in the Energy Strategy and its equity principles provide an equity “lens” reflected in many aspects of the strategy.

However, it is difficult to consider equity at the high level of a strategy, and it will be important to carry this lens into specific areas of implementation. More engagement with communities affected will be needed as the state moves into implementation to ensure that the Energy Strategy truly fulfills its principles and that solutions are crafted to meet the needs of different communities. Implementation should be “equitable” rather than “equal,” recognizing that some may contribute and benefit differently than others.

A challenge for the Energy Strategy is to ensure that it delivers benefits to every community in the state. Assessment of equity should include race, income, and other demographics as well as equity for tribal communities, between rural and urban areas, and between the East and West sides of the state. It should consider direct energy-related benefits and costs as well as potential non-energy benefits like health, jobs, and housing.

Fossil Fuel Industries

As noted above, meeting the goals set by the legislature requires that the state largely transition away from the use of fossil fuels. These fuels, such as natural gas for heating and gasoline and diesel for transportation, currently warm and move much of the state. Supply is ubiquitous and often convenient and low cost for consumers. Transitioning from these fuels will not only require large shifts in consumer demand but will also impact businesses and jobs. It could make existing infrastructure obsolete or require significant investment for repurposing or in clean fuels. As customer bases dwindle, costs of maintaining fossil fuel infrastructure will increasingly fall on fewer customers (many of whom have the least economic ability to switch) and/or create safety or other concerns if resources are inadequate for maintenance.

Managing the transition will require care and sensitivity from the potential negative and inequitable impacts on customers, workers, businesses, and communities. It will need to consider how people will pay for new technologies and who will pay for existing infrastructure while it is used. It will include ensuring that high-quality new jobs are created as jobs in existing sectors shift—and that we invest early in workforce development to help build the skills for these jobs. It will require that other systems and renewable fuels are ready for the transition—for example that the electricity sector is ready for additional loads from electrification of building heating and from electric vehicles.

Economic Opportunities and Transitions

When implemented effectively, clean energy solutions can leverage the unique economic opportunities of the state's human and natural resources and put Washington in a leadership position in areas like the hydrogen economy, low-carbon building materials, and others. Enabling innovation will help new and better solutions emerge over time, contributing to jobs and economic growth. Embracing a range of possible approaches and technologies will help foster that innovation and create more workforce

opportunities. Setting clear targets will create predictability and guide investments in solutions that will be needed. Taking a phased approach that builds on the state's current assets will enable us to be creative about using what we have now and smart about what we choose to build. We will inevitably need to track and evaluate our progress and adjust over time.

As the state moves through phases of transition, some existing industries and their workers will be impacted. Some face significant barriers to change, including energy intensive industries that are exposed to significant competition, including through international trade. Some customers, such as low-income energy consumers, face barriers to absorbing new costs or purchasing new equipment. Maintaining the state's economic competitiveness, creating high quality jobs, and ensuring equity will require measured and thoughtful approaches to change, including the speed at which these transitions happen and the availability and cost of alternatives. Enabling transitions without causing significant disruption or displacement will require new investments, policies, programs, and rules for utilities, industry, and others in the energy system.

Behavioral Opportunities and Changes

Individual decisions and behaviors will play a central role, along with technology, in achieving state energy goals. These decisions and behaviors are influenced by the social, economic, and policy investments and structures that help shape people's lives and communities. Providing residents, businesses, and institutions with a broad range of accessible options, services, and incentives will speed and smooth the transition to a clean energy economy. Investments like universal broadband can enable behavior changes and increase equitable access to the benefits of the energy transition. Behavioral adaptations to COVID-19 have people working, traveling, and using space differently. These have shown us that people can shift their patterns, in some cases revealing new opportunities among the many challenges of the pandemic.

Conclusion

As it is implemented, the State Energy Strategy will touch on every corner of the state and many aspects of people's lives. Creating a thriving decarbonized economy that benefits the entire state and does not leave any communities behind is an awesome challenge. Washington has the opportunity to demonstrate that it can be done with a careful, thoughtful and interconnected strategy that harnesses our state's substantial human and natural resources to put it at the forefront of innovation. Members of the Advisory Committee appreciate the opportunity to contribute to this effort.

Appendix A: Advisory Committee Members

George Caan, Executive Director, Washington Public Utility Districts Association

Jason Campbell, Chief Executive Officer, Sovereign Power

Reuven Carlyle, Senator, Washington State Legislature

Reeves Clippard, Chief Executive Officer, A&R Solar

Dave Danner, Chair, Washington Utilities and Transportation Commission

Alex Ramel, Representative, Washington State Legislature

Kathleen Drew, Chair, Energy Facility Site Evaluation Council

Sandi Edgemon, Business Services Manager, City of Richland

Will Einstein, Director of Product Development and Growth, Puget Sound Energy

Martin Gibbins, Climate and Energy Issues Chair, League of Women Voters

Deric Gruen, Program Director, Front and Centered

Matt Harris, Director of Government Affairs and Assistant Executive Director, Washington State Potato Commission

Nancy Hirsh, Executive Director, NW Energy Coalition

Nicole Hughes, Executive Director, Renewable Northwest

Paul Jewell, Policy Director, Washington State Association of Counties

Dan Kirschner, Executive Director, Northwest Gas Association

Kent Lopez, General Manager, Washington Rural Electric Cooperative Association

Bruce Martin, Energy Resource Manager, WestRock Tacoma

Clay Norris, Power Management Manager, Tacoma Power

Patrick Oshie, Washington Council Member, Northwest Power and Conservation Council

Rebecca Ponzio, Climate & Fossil Fuel Program Director, Washington Environmental Council

Chris Roe, Senior Manager, Amazon

John Rothlin, Manager of Washington Government Relations, Avista Corporation

Tim Sheldon, Senator, Washington State Legislature

Jessica Spiegel, Director Northwest Region, Western States Petroleum Association

Dan Wilson, President, Local 338 United Steelworkers

Alex Ybarra, Representative, Washington State Legislature