

Washington State Energy Strategy Advisory Committee
Final Report
Review Draft (12/3/20)

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, the state, 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 individual advice and recommendations that are documented in meeting summaries and recordings as well as written comments 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. 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 come to 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.

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 in the 2019 legislative session (RCW 43.21F.090) in legislation that required Commerce to complete the update by the end of 2020.

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

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/>

² For a list of members and brief bios, see: <https://www.commerce.wa.gov/growing-the-economy/energy/2021-state-energy-strategy/state-energy-strategy-advisory-committee/>

committees. The Advisory Committee established for purposes of the state energy strategy revision would then be dissolved within three months after the written report was conveyed.

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 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 meeting of the committee, all meetings were conducted virtually, often in all-day video conference sessions. Advisory Committee members made substantial effort to attend and

³ https://www.commerce.wa.gov/wp-content/uploads/2020/06/SES-Adv-Comm-Charter_final.pdf

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 that their input was being 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. 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.

The Advisory Committee collectively brought hundreds of years of experience and expertise to the 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 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 greenhouse gas reduction limits as set in legislation. Members helped identify approaches that could support Washington's continued economic success and increase competitiveness. They highlighted opportunities and challenges for addressing historical inequities and mitigating inequities in strategy implementation for those who aren't able to bear increased cost 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 an energy strategy goal meant that the state would need to largely transition off of fossil fuels by mid-century. 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 the transition away from fossil fuels for the economy and for customers.

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 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 more resilient, more reliable, and lower cost electricity supply.

However, integrating new components on both the supply and demand sides of the electricity system—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 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 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 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 the 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 transition away from most of the fossil fuels in use today. 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 away from these fuels will not only require large shifts in consumer demand but also impact businesses and jobs. It will potentially 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 being 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 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

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 may 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. 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 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 whole state and doesn't leave any communities behind is an awesome challenge. Washington has the opportunity to demonstrate that it can be done and to harness 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.