

Introduction: Clean Energy Fund

The Clean Energy Fund (CEF) supports deployment of clean energy projects to communities across Washington. Since it was created in 2013, \$154 million in CEF investments have leveraged over \$400 million from other sources to support innovative clean energy projects in the state. CEF investments have resulted in on-the-ground projects that strengthen and diversify our electric grid, expand vehicle electrification and accelerate market adoption of energy efficiency and renewable energy technologies in rural and overburdened communities. The CEF has been instrumental in facilitating a diverse portfolio of public-private partnerships ranging from backup power systems supporting emergency operations to bio-digesters that convert agricultural waste to renewable natural gas. The funding has resulted in energy savings, prevented greenhouse gas emissions, allowed the state to be a leader in clean technology development and supported jobs in the energy sector.

Clean Energy Fund 5

The benefits of our energy future will not be equitable without intentional action to reduce the environmental and health disparities experienced by Tribes, communities of color and low-income populations. In the 2021 session, the legislature created [Clean Energy Fund 5 \(CEF5\)](#), with a mandate that programs be designed using an equity and environmental justice lens to create opportunities for communities with high environmental or energy burdens to benefit from clean energy investments. Many CEF 5 programs outlined below will work towards this goal by providing carve-out funding, ensuring community participation and prioritizing projects in overburdened communities, among other strategies.

- **Grid Modernization** – Advancing community resilience by supporting the integration of renewable energy sources, distributed energy resources and microgrids. New with CEF 5 – community organizations, local governments and federally recognized Tribal governments will be eligible to apply in partnership with retail electric utilities.
- **Building Electrification** – Demonstrating grid-enabled, high-efficiency, all-electric buildings that significantly reduce greenhouse gas emissions, accelerate the path to zero-energy and demonstrate early adoption of grid integration technology.
- **Electrification of Transportation Systems** – Providing innovative approaches to electric vehicle charging equipment, with a particular focus on projects that demonstrate meaningful and enduring benefits to communities and populations disproportionately burdened by air pollution, climate change or transportation costs. A portion of CEF 5 funding will be available solely for federally recognized Tribal governments and local government projects addressing electric vehicle charging gaps in rural communities.
- **Rural Clean Energy** – Promoting the development of innovative clean energy projects in rural communities including, but not limited to, beneficial electrification, organic waste management, biological carbon sequestration and dairy digester bioenergy projects.

- **Research Development and Demonstration** – Supporting strategic research and development for new and emerging clean energy technologies that advance the state's climate goals, create opportunities for economic and job growth, and strengthen technology supply chains. The program is exploring the option of community-based participatory research.
- **Grants to Non-profit Lenders** – Connecting small businesses, non-profits, multi-family building owners and homeowners with low-cost financing for clean energy projects. Grants provided through this program provide funds that help reduce risk and provide inexpensive capital for underserved markets to deploy clean energy projects.
- **Maritime Programs** – Decarbonizing the maritime sector through electrifying ferries, vessels and ports, and adding charging and refueling infrastructure.

Rural Clean Energy Innovation Projects

A key finding of Washington's [2021 State Energy Strategy](#) is the significant deployment of clean energy technology is necessary to meet greenhouse gas emissions targets established by the Washington State Legislature. The Strategy also calls for solutions that ensure rural and overburdened communities are partners who also benefit from Washington's clean energy transition.

CEF5 includes a new opportunity to address rural energy priorities. A proviso in [Section 1064 \(14\) of the Substitute House Bill 1080](#) provides \$4.9 million for rural clean energy innovation projects.

Rural Clean Energy Work Group

Section 1064 (14) (a) of the proviso directs the Department of Commerce to convene a work group for the development of targeted rural clean energy investment strategies informed by rural community and business engagement, outreach and research. The Work Group will identify investments, programs and policy changes that align with the 2021 State Energy Strategy and increase access to clean energy opportunities in rural communities and agricultural and forestry management practices.

The Work Group must also identify existing federal funding opportunities and strategies to leverage these funds with state capital investments. Membership will consist of representatives from Commerce, Washington state agencies, non-governmental organization and non-profits, Federal organizations, Tribes or Tribal organizations and other relevant stakeholders as recommended by Commerce or Work Group Members. The Work Group's final deliverable will be a strategic plan for state rural clean energy investment to be included in a legislative report due by June 2022.

Led by Commerce, the Work Group will meet approximately four times between October 2021 and January 2022.

Meeting #1	Introductory meeting: History of CEF, background, context, proviso, roles and responsibilities
Meeting #2	Investments, programs and policy changes that align with the 2021 State Energy Strategy and increase access to clean energy opportunities in rural communities and agricultural and forestry management practices

Meeting #3	<ul style="list-style-type: none"> Existing federal opportunities and recommended strategies for leveraging these funds with CEF Review draft recommendations
Meeting #4	Finalize recommendations and strategic plan
Public Comment	Opportunity for public comment in response to recommendations from work group
Commerce process	Circulate report for internal review and for OFM and Governor’s office review and processing

CEF5 Rural Clean Energy Innovation Grants

Over the past eight years, CEF has run several programs open to eligible applicants in rural communities including the Wood Energy for Public Facilities Program, Grid Modernization, Solar Deployment, Research, Development and Demonstration, Electrification of Transportation Systems and the Dairy Digester Enhancement Program. Several of these programs were one-off funding opportunities, while others will continue with CEF5 solicitations described in the previous section. However, Rural Clean Energy Innovation Grants, outlined in Section 1064(14) (b) of the proviso, is the first grant program to focus exclusively on the clean energy needs of rural communities and Tribes in the state. This will be achieved through tribal education, engagement and listening sessions and opportunity for public comment.

In parallel with the Clean Energy Work Group, Commerce will be conducting outreach and education for Clean Energy Innovation Grants. Of the \$4.75 million available for rural energy grants, 40% is allocated to dairy digester bioenergy projects that produce renewable natural gas, biofertilizers, reduce emissions and improve soil, air and water quality. Commerce is encouraged to make 20% of the \$4.75 million available to tribal governments, designated subdivisions and agencies. The remaining grant funds are available for any projects supporting rural clean energy including, but not limited to, energy efficiency, resilience and carbon sequestration.

The grant program will be separated into at least two distinct competitive grant solicitations. The Dairy Digester Bioenergy Grant solicitation is tentatively scheduled to open in Spring 2022 and the Rural Clean Energy Innovation Grant solicitation is tentatively scheduled to open in Spring 2023.

For more information and to sign up for CEF updates, visit the Clean Energy Fund Webpage at www.commerce.wa.gov/CEF

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