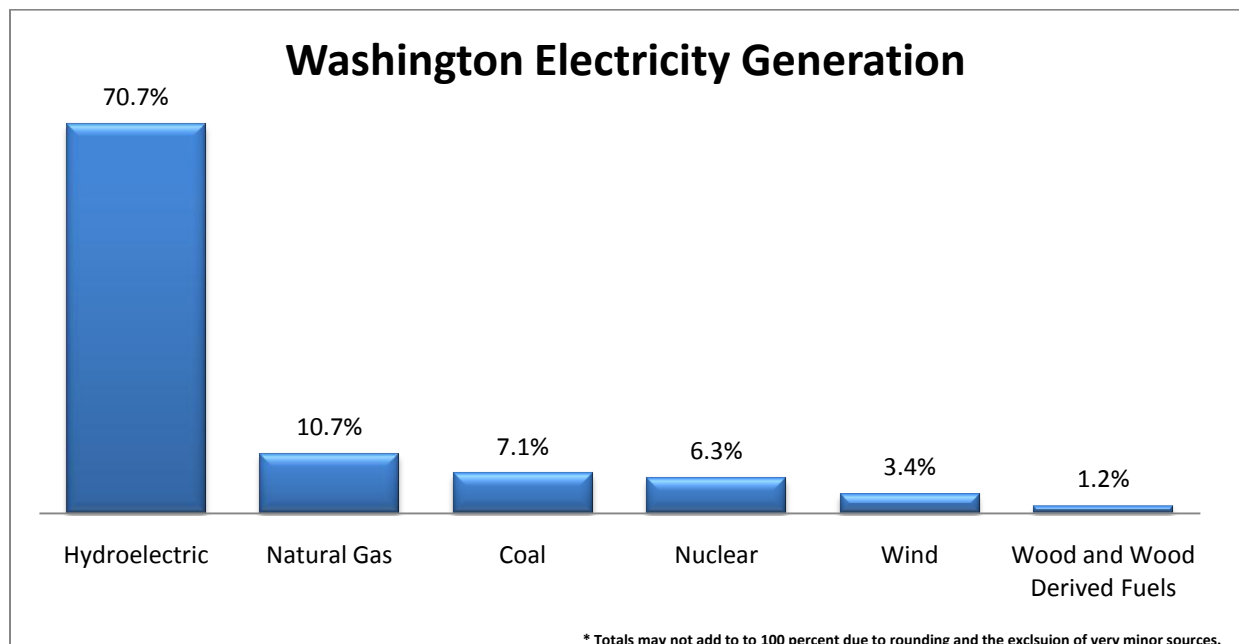




Washington Energy Facts

Washington – Select Economic and Energy Data [†]		State Rank
Real Gross Domestic Product, per capita	\$40,407	12th highest
Unemployment	9.5%	18th highest
Gasoline Price, per gallon	\$3.01	4th highest
Electricity Price, per kWh	6.63¢	4th lowest

Washington has some of the most affordable electricity in the country, in large part because hydroelectric power accounts for over two thirds of its electricity production. Washington is the leading hydroelectricity producing state in the nation.



Most of Washington’s hydroelectric power is generated from eight of the state’s ten largest power plants on the Columbia and Snake Rivers, natural resources that have enabled the state to keep electricity prices among the lowest in the nation. Washington is a major electricity exporter, supplying electricity to several other states, including California. Natural gas, coal, and nuclear combined generate almost 25 percent of the state’s electricity. Non-hydroelectric renewables, primarily wind, wood and wood waste, combined contributes almost 5 percent.

Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Washington's regulatory environment that are likely to affect the cost of energy or the cost of using energy.

- **Washington does not cap** greenhouse gas emissions, but instead established the goal of reducing greenhouse gas emissions to 1990 levels by 2020 and 50 percent below 1990 levels by 2050.¹
- **Washington is a member** of the Western Climate Initiative (WCI), a regional agreement among some American governors and Canadian premiers to target greenhouse gas reductions. The central component of this agreement is the eventual enactment of a cap-and-trade scheme to reduce greenhouse gas emissions 15 percent below 2005 levels by 2020.
 - **Washington has a de facto ban** on new coal-fired power plants. House Bill 3141, passed in 2004, requires a 20 percent offset in carbon dioxide emissions from new fossil fuel power plants, significantly increasing the cost of generating electricity from coal and natural gas.²
- **Washington requires** that utilities generate from renewable sources a certain percentage of the electricity that they sell. The state's renewable portfolio standard mandates that utilities that serve more than 25,000 customers generate 15 percent of electricity from renewables by 2020.³ Hydroelectric generation projects are eligible if incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, meets certain specifications.
 - **Washington requires** utilities to meet a portion of electricity demand with energy efficiency. In 2006, voters approved ballot initiative I-937, which requires utilities to implement all cost-effective energy efficiency measures. Specific efficiency targets have not yet been set.⁴
- **Washington requires** gasoline to be mixed with renewable fuels. The Motor Fuel Quality Act, enacted in 2006, mandates that all gasoline sold in the state must contain 2 percent ethanol by 2008.⁵ This standard expands to 10 percent if in-state production is sufficient and the increased ethanol use has no adverse effects on ozone levels. Under the same legislation, 2 percent of diesel sold in Washington must be biodiesel by 2008. The biodiesel minimum expands to 5 percent if sufficient in-state production capabilities exist.
- **Washington imposes** automobile fuel economy standards similar to California's, which attempts to regulate greenhouse gas emissions from new vehicles. House Bill 1397,

enacted in 2005, adopted California's vehicle emissions standards if Oregon adopted the same standards.⁶

- **Washington requires** new residential and commercial buildings to meet energy efficiency standards. Residential buildings must meet a state building code that exceeds the 2006 International Energy Conservation Code (IECC). The IECC, developed by the International Code Council, is a model code that mandates certain energy efficiency standards. Residential buildings higher than four stories must adhere to a state code that exceeds ASHRAE 90.1-2007.⁷ ASHRAE 90.1 is another model code that mandates certain energy efficiency standards and was developed by the American Society of Heating and Refrigeration and Air Conditioning Engineers. Commercial buildings must meet a state code equivalent to ASHRAE 90.1-2004, while the state code exceeds ASHRAE for equipment and lighting standards.⁸ In addition, newly built and renovated state buildings over 25,000 square feet, as well as schools, must meet the silver LEED standard, according to Governor Gary Locke's 2005 Executive Order 05-01.⁹ The silver LEED standard is one level of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system. A study of new schools that meet this standard shows the new schools are not necessarily more energy-efficient than older schools and are more expensive.¹⁰
- **Washington imposes** state-based appliance efficiency standards. Though the state's initial standards have been preempted by federal legislation, House Bill 1004, enacted in 2009, implemented new standards for wind chillers, hot water dispensers, mini-tank electric water heaters, bottle-type water dispensers, pool heaters, residential pool pumps, portable electric spas, and commercial hot food holding cabinets.¹¹
- **Washington does not allow** electric utilities to "decouple" revenue from the sale of electricity, but **does allow** natural gas utilities to decouple revenue from the sale of gas. Some states decouple revenue from actual sales, allowing utilities to increase their revenue by selling less electricity and natural gas.

[†] Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm; Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html; Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls.

¹ H.B. 6001 (Wash. 2007), <http://www.leg.wa.gov/pub/billinfo/2007-08/Pdf/Bills/Senate%20Passed%20Legislature/6001-S.PL.pdf>.

² H.B. 3141 (Wash. 2003), <http://www.leg.wa.gov/pub/billinfo/2003-04/Pdf/Bills/House%20Passed%20Legislature/3141-S.PL.pdf>.

³ WASH. REV. CODE Title 480, Ch. 480-109, <http://apps.leg.wa.gov/WAC/default.aspx?cite=480-109>.

⁴ Initiative 937 (Wash. 2006), <http://www.secstate.wa.gov/elections/initiatives/text/i937.pdf>.

⁵ WASH. REV. CODE Title 19, Ch. 19.112 (2006), <http://apps.leg.wa.gov/RCW/default.aspx?cite=19.112>.

⁶ Motor Vehicle Emission Standards, H.B. 1397 (Wash. 2005), <http://www.leg.wa.gov/pub/billinfo/2005-06/Pdf/Bills/Session%20Law%202005/1397-S.SL.pdf>.

⁷ Building Codes Assistance Project, Code Status: Washington, <http://bcap-energy.org/node/19>.

⁸ *Id.*

⁹ Wash. Exec. Order 05-01 (Jan. 5, 2005), http://www.governor.wa.gov/execorders/eoarchive/eo_05-01.pdf.

¹⁰ Todd Myers, *Green Schools Don't Make the Grade*, National Center for Policy Analysis, Aug. 23, 2008, <http://www.ncpa.org/pub/ba/ba622/>.

¹¹ Database of State Incentives for Renewables and Efficiency, Washington Appliance and Equipment Energy Efficiency Standards, http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=WA12R&re=1&ee=1.