

# TARGETED ELECTRIFICATION



## WHY?

### CLIMATE

The lowest cost pathway for achieving at least 95% carbon reductions by 2050 relies on using our 100% clean grid to electrify our buildings and drastically reducing the residential sector’s use of fossil gas by approximately 85%.

### EQUITY & ENVIRONMENTAL JUSTICE

Low-income customers will benefit from bill payment assistance programs required by the 2019 Clean Energy Transformation Act. No analogous requirements exist for gas utilities.

### AIR QUALITY & HEALTH

Gas is now a bigger source of carbon and air pollution than coal. Reliance on fossil gas releases a number of pollutants inside our buildings and homes, including nitrogen dioxide, carbon monoxide, and formaldehyde. Because of gas combustion indoors, indoor air quality is often shown to be worse than outdoor air quality in many cities. In fact, over half of residences that used gas for cooking with no range hood had indoor air pollutant levels that exceeded EPA pollution standards.

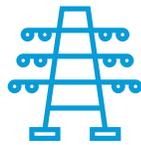
## THE PROBLEM



A resident that relies on a wood stove or heating oil is ineligible to receive assistance from their public electric utility to switch to electric appliances—while investor-owned electric utilities are free to help.

If a customer of a public utility wants to replace their gas furnace with an electric heat pump, they’re on their own; while a gas customer can receive incentives worth thousands of dollars to acquire a new gas furnace.

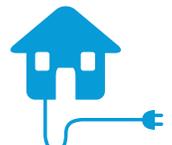
## THE FIX



*Electric utility demonstrates that smart new load provides a net benefit to their system*



*The utility creates an incentive program to support customer electrification*



*Customers receive incentives from their utility if and when they want to make the switch*

Modeled on HB 1512 passed in 2019, which was drafted and supported by a range of public and private utilities, our legislature should clarify that public utilities have the authority to develop and demonstrate a business case for electrification incentives.

There’s evidence to show this approach will work—utility research from Seattle City Light, Tacoma Public Utilities and others on transportation electrification indicates that new electric load isn’t just good for the individual customer, it’s good for all customers by preventing rate increases and more efficiently utilizing the existing utility system.



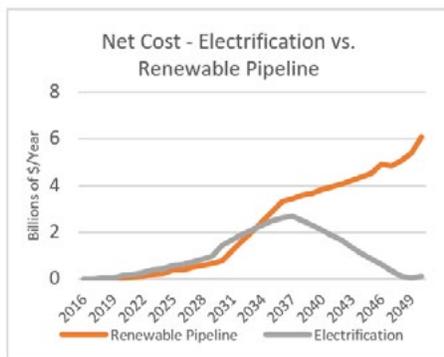
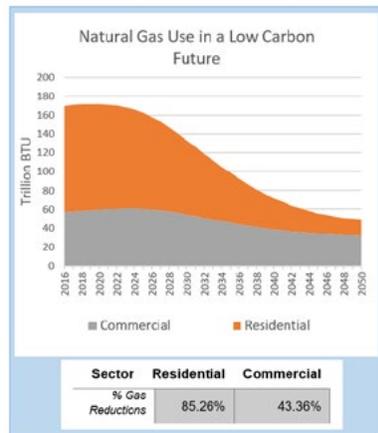
**Building emissions are growing at a faster rate** than any other source of carbon pollution because of increased use of fossil gas to heat our homes and buildings. For decades Washington has disincentivized the use of our clean, low-cost electricity. **Gas releases dangerous pollutants linked to lung disease** and other health risks into our living spaces. **We need to deeply reduce carbon emissions associated with heating our homes and buildings to achieve our state's carbon reduction goals.**

**Is fuel switching prohibited by the Washington state constitution?**

No. What is commonly referred to as a prohibition on fuel-switching is actually a narrow prohibition on the use of conservation financing for this purpose. Like 2019's HB 1512, this bill does not rely on conservation financing, but allows a customer-owned utility to complete a business plan evaluating how building electrification would benefit their system. Once a utility determines a net benefit of electrification, they can offer an incentive consistent with that benefit. To ensure consistency with the Clean Energy Transformation Act and the Clean Buildings for Washington Act, this proposal also allows utilities to consider the social cost of carbon and other public interests in their analysis if they choose.

**What about other ways of reducing carbon pollution like renewable natural gas?**

They exist, they are feasible, and they are much more expensive. In the Deep Decarbonization Pathways Study, the State included two current-technology pathways— Electrification and Renewable Pipeline, which replaced fossil fuels with renewable versions. Not only did the Renewable Pipeline scenario counterintuitively require more electricity to fuel electrolysis to replace fossil gas, but it cost twice as much as Electrification. And while household energy spending dipped by \$7/month in the Electrification case, it increased \$46/month in the Renewable Pipeline scenario.



**Does the bill require utilities participate in this program? Does it require that residents give up their stoves or heating appliances?**

No. The bill is purely voluntary. Utilities may choose whether to participate, and if they do can select if they incorporate business-only or public interest considerations. They make this choice in consultation with their existing governance structures. Likewise, customers can choose whether they want to take advantage of incentives based on their own personal energy needs.

**Is there enough electricity to electrify buildings?**

Yes, utilities are continuously planning to ensure they have enough energy to can keep your lights on and your buildings warm! Whether it's from population growth, new businesses, transportation electrification, or building electrification - utilities go through robust planning processes every two years to determine what new resources they need, such as wind, solar, or energy efficiency. Furthermore, as a result of the 100% Clean Electricity legislation that passed in 2019, we can be sure that we are electrifying our homes and buildings on a clean grid. The transition to electric buildings won't happen overnight, and this bill will allow utilities to take a proactive role in planning for electric homes and buildings in a way that works for the grid and provides the most benefits for customers.

**What about private, shareholder-owned utilities?**

This bill does not impact shareholder-owned utilities because they already have the authority to provide incentives to their electric customers, regardless of whether the customer currently uses another heating source, and regardless of whether that heating source is provided by the utility itself or another company. Shareholder-owned utilities do not vary the size of the incentive based on the customer's current fuel, instead scaling the financial support based on an internal calculation of electric system value. This bill would place both public and shareholder-owned utilities on the same footing.

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