"WHEN I FIRST WENT LOOKING FOR EFFECTIVE CLIMATE CHANGE ORGANIZATIONS, EVERYONE SAID 'YOU HAVE TO TALK TO CLIMATE SOLUTIONS!' I FOUND IN THEM A COMPELLING MIX OF PASSION AND PRAGMATISM—THEY UNDERSTAND THAT REAL SOLUTIONS HAVE TO MAKE ECONOMIC SENSE, BUSINESS SENSE, AND POLITICAL SENSE. THAT APPROACH HAS MADE THEM THE GLUE THAT BINDS TOGETHER ALL OF THE DIFFERENT ORGANIZATIONS WORKING ON THIS ISSUE."

—JABE BLUMENTHAL, BOARD VICE PRESIDENT

Seattle Office
1402 Third Avenue, Suite 1305
Seattle, WA 98101
Phone: 206-443-9570
Fax: 206-624-2022
Email: info@climatesolutions.org

Olympia Office
219 Legion Way SW, Suite 201
Olympia, WA 98501
Phone: 360-352-1763
Fax: 360-943-4977
Email: info@climatesolutions.org

Montana Office
Missoula, MT
Phone: 406-239-8358
Email: Beth@climatesolutions.org

www.ClimateSolutions.org
How does a small, Northwest organization help solve one of the biggest global issues of our time?
Climate Solutions focuses on practical and profitable solutions to global warming in our region.

We pioneered a strategy to lead climate initiatives across the Northwest, while building a base for strong national action. We worked across the partisan divide to build long-term relationships with diverse groups that had their own interests in clean energy. Through years of patient organizing and bridge-building, Climate Solutions has developed vibrant partnerships with a wide array of business, farm, government and civic interests.

We work with agriculture to spur rural development with clean energy production. We engage business leaders to encourage clean energy investment and create jobs. We develop workable policy solutions for the future. And we work with our allies to turn ideas into action by getting legislation passed, like the Washington Climate Action and Green Jobs bill.

Stabilizing the climate is a challenge so big that the standard approach of pollution control and environmental advocacy is not enough. And while a major challenge, climate stabilization also presents a major opportunity. It requires a new vision — the engagement of a broader spectrum of interests, who will all benefit from a new sustainable prosperity based on clean energy technology. We’ve built a coalition across cities and farms, business and labor, environmentalists and social justice advocates, for practical energy solutions that will be profitable for all society. With public demand for bold action at an unprecedented high, it’s time for Climate Solutions.
Last year we built on our relationships with businesses, farmers, energy producers, investors, and environmental groups to catalyze passage of the landmark Washington Climate Action and Green Jobs bill in 2008, catalyzing the formation of the Western Climate Initiative, joining West Coast states and Mexican and Canadian provinces in a regional compact to limit global warming pollution, orchestrated passage of landmark Clean Car laws in Oregon and Washington, hailed by Gov. Christine Gregoire as “the most significant environmental legislation in Washington State in a decade,” helped secure strong renewable energy standards in Montana, Oregon and Washington, renewable energy incentives in Idaho, and emission performance standards for power that effectively close the West Coast power market to new, conventional coal power, positioned clean energy as a major economic development priority in the region, and helped launch the US Mayors Climate Protection Agreement.

We have exciting plans to make more big strides towards our vision of the clean energy future over the next three years. We are stepping up action now, when public demand for renewable energy is expanding our organization—growing our presence in Washington and establishing permanent staff in Oregon, Idaho, and Montana. We plan to be positioned to advocate for passage of important climate legislation slated to come up for consideration across the region, bringing the issue to the forefront. We want the strong policies we pass here in the Northwest to be a model for the nation.

We are also significantly ramping up our efforts to build strategic partnerships with business. The Pacific Northwest is uniquely positioned to be a major global leader in creating the technologies necessary to meet the world’s clean energy needs. Climate Solutions is working closely with a diverse set of business leaders to turn that promise into reality. In the coming year, we are releasing two major new clean energy reports. The first, Carbon Free Prosperity, will illuminate the most effective pathways forward to develop our region’s clean energy economy. The second will focus on the huge potential for green buildings connected to the smart grid to dramatically increase energy efficiency.

Solving the climate crisis is one of the biggest challenges facing the planet. It won’t be easy. But Climate Solutions is on the front lines, creating the partnerships that we will need to get there. Last year we built on our relationships with businesses, farmers, energy producers, investors, and environmental groups to catalyze passage of the landmark Washington Climate Action and Green Jobs bill in 2008, catalyzing the formation of the Western Climate Initiative, joining West Coast states and Mexican and Canadian provinces in a regional compact to limit global warming pollution, orchestrated passage of landmark Clean Car laws in Oregon and Washington, hailed by Gov. Christine Gregoire as “the most significant environmental legislation in Washington State in a decade,” helped secure strong renewable energy standards in Montana, Oregon and Washington, renewable energy incentives in Idaho, and emission performance standards for power that effectively close the West Coast power market to new, conventional coal power, positioned clean energy as a major economic development priority in the region, and helped launch the US Mayors Climate Protection Agreement.

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A LETTER FROM OUR EXECUTIVE DIRECTOR

The good news is there are effective solutions to climate change, and Climate Solutions has been working on them since the founding a decade ago.

The good news is there are effective solutions to climate change, and Climate Solutions has been working on them since the founding a decade ago.

Climate Solutions works with business, agriculture, environmentalists, government, and public interest groups to create practical and profitable policies that work for the environment and the economy. In the past years, Climate Solutions:

- Led the coalition to pass the landmark Washington Climate Action and Green Jobs bill in 2008
- Catalyzed the formation of the Western Climate Initiative, joining West Coast states and Mexican and Canadian provinces in a regional compact to limit global warming pollution
- Orchestrated passage of landmark Clean Car laws in Oregon and Washington, hailed by Gov. Christine Gregoire as “the most significant environmental legislation in Washington State in a decade”
- Helped secure strong renewable energy standards in Montana, Oregon and Washington, renewable energy incentives in Idaho, and emission performance standards for power that effectively close the West Coast power market to new, conventional coal power
- Positioned clean energy as a major economic development priority in the region
- Helped launch the US Mayors Climate Protection Agreement

CLIMATESOLUTIONSCHAMPIONS CLEANENERGYLEGISLATION ENACTED ACROSS THENORTHWEST
The growing emissions problem can seem staggering...

In Washington state alone, tailpipes, smokestacks and other sources annually release ten times as much CO₂ every year as Mount St. Helens released when it erupted in 1980. Left unchecked, this Northwest state’s contribution to global warming pollution will reach nearly 120 million metric tons per year by 2020.

But we can do something about it.

Model policies being developed in the Northwest will reduce global warming pollution to 1990 levels by 2020 by spurring a clean energy revolution that reduces emissions even as our economy and population grow. These policies will set the stage for more ambitious reductions needed to stabilize the climate and further clean energy sector growth.

The graph above, prepared by Governor Gregoire’s Climate Action Team, is a projection of greenhouse-gas emissions in Washington. The top red line projects emissions if we continue to increase polluting at our current rate. The bottom green line represents Governor Gregoire’s plan for reducing emissions to 1990 levels by 2020. The “wedges” are new laws and programs that have effectively stabilized emissions. Climate Solutions was instrumental in implementing all of these programs, and we are working to establish new programs to meet and exceed the reduction goal.
This year, Climate Solutions brought conservation groups and social justice advocates, venture capitalists and faith leaders, labor unions and business together to pass Climate Action and Green Jobs (HB 2815). This important legislation combines limits on climate pollution with workforce training to ensure that the clean energy transition delivers widely-shared prosperity. “Score one for hope,” says Climate Solutions campaign director Beth Doglio. “It’s a very significant step forward, absolutely fundamental to doing what we need to do in this state to reduce greenhouse gas emissions in a way that doesn’t damage the economy,” said Washington State Department of Ecology director Jay Manning, co-chairman of the state’s Climate Action Team. “This bill is a great combination of doing the right thing by the environment and doing the right thing by the economy.”

**STEP-BY-STEP: TURNING AN IDEA INTO LAW**

1. **DUE DILIGENCE**
   Climate Solutions’ Senior Advisor Ross Macfarlane uses his years of experience in environmental law and policy to identify which existing laws will have to be changed to enable Washington to successfully implement the climate goals the legislature established in 2007, then writes the initial proposal for legislation.

2. **COALITION BUILDING**
   The organization builds a powerful coalition and seeks input and support from other stakeholders, from environmental groups and governmental agencies to business leaders and farmers, to work out specifics everyone can support, making passage possible.
   Policy specialist Jessica Coven works with labor and social justice advocates to develop a green jobs training program.

3. **INFLUENCING**
   Climate Solutions policy director K.C. Golden exerts leadership as a member of Governor Gregoire’s Climate Action Team, building support for a strong action plan taking serious steps to reduce global warming pollution and move to a cleaner and more efficient energy future.
   Washington State estimates that emissions reductions measures will result in a $900 million net gain to the state economy.

4. **SPONSORSHIP**
   With the support of the powerful coalitions built by Climate Solutions and the recommendation of the Climate Action Team, Governor Christine Gregoire decides to sponsor the bill and advocates for its passage.

5. **CREATING AWARENESS**
   Climate Solutions communications director Andy Grow collaborates with the Washington Environmental Council (WEC) to generate consistent, positive media coverage and editorial support for the bill.
   Washington and Climate Solutions work in close partnership, recruiting sponsors for the legislation, lining up support from legislative leaders, and securing the Governor’s strong support.

6. **GRASSROOTS ENGAGEMENT**
   The team calls up its grass roots support network to create a buzz among lawmakers and the press to write articles, and people to write letters to the editor, call their representatives, come to events. Earth Ministry activates its network of church members to come to events, meet with lawmakers. Farmers explain to their legislators how renewable energy will help the rural economy.
   Earth Ministry activates its network of church members to come to events, meet with lawmakers.

7. **APPLYING PRESSURE**
   High profile business voices from Climate Solutions’ Business Leaders for Climate Solutions group meet with legislators, publish opinion pieces in media.

8. **SUCCESS!**
   State Senate and House pass bill committing Washington to binding limits on global warming pollution, and establishing a training program for an estimated 25,000 green jobs by 2020.

**WHAT WE DO: TURNING IDEAS INTO ACTION**

**How Climate Solutions helped pass Washington’s Climate Action and Green Jobs Bill**

**“I WANT TO CONGRATULATE KC GOLDEN ON THE WORK THAT HE AND HIS COLLEAGUES ARE DOING. IT’S IMPORTANT TO HAVE THESE GRASSROOTS ORGANIZING MOVEMENTS. IT COMPLIMENTS THE WORK OF THE ALLIANCE FOR CLIMATE PROTECTION THAT I HAVE THE PRIVILEGE OF CHAIRING.”**

— AL GORE ADDRESSING THE US CONFERENCE OF MAYORS CLIMATE PROTECTION SUMMIT, NOVEMBER 1, 2007
Wind power, solar power, sustainable biofuels—much of the actual production of sustainable energy is going to be done out on the farm.

America’s farms, ranches and forests could provide 25% of the country’s total energy by 2025, generating $700 billion in new economic activity in rural areas annually, while cutting CO₂ emissions by one billion tons. Though first it’s going to take some education and some enabling legislation, to jumpstart the process. Climate Solutions is working on both.

Climate Solutions orchestrated a coalition of leading agriculture groups to advocate for a massive scale-up in clean energy funding, generating bipartisan support from the Congressional delegations from all four Northwest states. With their support Congress endorsed the 25% x ’25 plan as the national goal and provided $2.4 billion in development funds.

Climate Solutions also brings farmers together with energy specialists and utility officials at its Harvesting Clean Energy conferences, to collaborate on how to start and fund clean energy projects. Inspired at the conference by the potential for clean energy to revitalize the rural economy in her area, Peggy Beltrone, commissioner of Cascade County, Montana, began a program to aggressively market its wind resources. Her county is now hosting a steady stream of developers from all over the world, who’ve so far built one $10 million wind farm, and leased 200,000 more acres. Farmer Kent Madison, of Madison Farms, Echo, OR, met a grant writer at the conference who got him $500,000 in funding for a wind farm. Now Madison and his neighbors are installing 40 turbines to produce 60MW of power for Portland’s city utility. “I had an epiphany in my thinking,” says Madison. “I realized I wasn’t a farmer—I was a natural resource manager.”

**The message at Climate Solutions’ Harvesting Clean Energy Conferences is that people can take action—we’re all part of the solution, people walk away inspired to do something, and get the tools to do it.”**

—PEGGY BELTRONE, COUNTY COMMISSIONER
Cascade County, Montana

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**CONTRIBUTION FROM AMERICA’S FARMS, RANCHES & FORESTS TO ENERGY PRODUCTION IN THE U.S. BY 2025**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PRODUCTION ($ billions)</th>
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<tbody>
<tr>
<td>2010</td>
<td>$611 billion</td>
</tr>
<tr>
<td>2015</td>
<td>$227 billion</td>
</tr>
<tr>
<td>2020</td>
<td>$449 billion</td>
</tr>
<tr>
<td>2025</td>
<td>$704 billion</td>
</tr>
</tbody>
</table>

New kinds of clean energy present a major business opportunity, and will create well-paid new jobs in the regions that have supportive policies.

Renewable energy is already a big business. Companies making biofuels, wind power, solar power and fuel cells saw revenues jump 40% in 2007, to $74 billion. That will likely more than triple in the next decade—to some $255 billion by 2017, says a recent study by CleanEdge. Some $2.5 billion in venture capital poured into clean technology ventures last year. Climate Solutions is working with Northwest business leaders to encourage policymakers to enact the necessary legislation to draw this growth to our region. It got some 250 business leaders in Oregon and Washington, representing companies with $2.3 billion in annual revenues and managing $4.6 billion in venture capital, to sign a letter to all state and national Northwest policymakers asking them to support clean energy legislation. It also mobilized these leaders to talk directly to legislators, and publish op-eds in the press, contributing directly to passage of renewable energy standards in both states. "I've gone to see state legislators, done testimony, outreach, gotten on the committee’s agenda, says David Chen, founder and principal of Equilibrium Capital. “Climate Solutions is very effective at bringing business leadership to bear on this issue.”

"From what we as investors are seeing, clean energy technology can become as big and valuable to the Northwest as semiconductors, electronic and computer equipment, software and communications technology,” venture capitalist Nancy Floyd, managing director of Nth Power, told legislators, noting that key companies will choose to locate in regions with policies that create reliable markets for clean energy. The six new plants making wind energy equipment in the US are all located in states with renewable energy requirements.

"IT’S ALL ABOUT JOBS AND INNOVATION, CLIMATE SOLUTIONS IS VERY EFFECTIVE AT BRINGING BUSINESS LEADERSHIP TO BEAR ON THIS ISSUE."
—DAVID CHEN, CHAIR, THE OREGON INNOVATION COUNCIL & FOUNDER AND PRINCIPAL, EQUILIBRIUM CAPITAL

Green Jobs Open Opportunities

These new clean energy technologies are expected to provide plenty of well-paid new local jobs, but they’ll need workers with new skills. Washington State’s Center of Excellence for Energy Technology at Centralia College, for example, reports demand is strong for graduates of its two year program, and graduates are landing entry-level jobs paying $33,000-$62,000 a year. The state estimates it will need 25,000 additional workers if it’s to get 15% of its electricity from renewable sources by 2020.

"For me, training for a job in renewable energy is a personal choice and an economic choice,” says former coal mine worker Brian Ford, now training for a clean energy job at the school. “I think the growth is going to be in the green industries. And I just feel better about what I’m doing versus working at a coal plant.”
Climate Solutions is working with Portland consulting firm Clean Edge to map the way to the clean energy economy in the Northwest. The resulting Carbon Free Prosperity report, Carbon Free Prosperity report will be a practical roadmap to help communities in Oregon and Washington attract green tech investment dollars, grow the kinds of companies that provide real clean energy solutions, and create tens of thousands of new jobs. Clean Edge CEO Ron Pernick, who is leading this effort, is an author of The Clean Tech Revolution, a groundbreaking book on the efforts of communities around the country to replicate the success of the Silicon Valley.

### ENABLING THE SMART GRID

Climate Solutions is helping to pioneer the “smart grid,” which adds microprocessor intelligence to the electrical network, from smart appliances and buildings to substations and transmission lines. Intelligently adjusting demand and distribution in real time could potentially cut peak electrical loads by 15%, and could save $70 billion in new power plants and wires over the next 20 years.

Initial work with the Pacific Northwest National Laboratories (PNNL) found a cluster of existing smart grid players in the region, who then came together to launch a demonstration project of smart appliances that responded to grid conditions, with water heaters and clothes dryers that turned themselves off for brief periods when electrical supply was limited. This system cut peak demand by 16% for days on end, without users noticing any difference.

Climate Solutions convened some 70 experts to build consensus on the next steps. As a result, the region’s utilities are now designing a framework for utility regulation to create incentives for developing the smart grid. Climate Solutions’ next step, the Building Energy Nexus project, aims at forging regional partnerships to foster large-scale demonstration projects linking smart buildings and electrified vehicle fleets to the smart grid to dramatically reduce energy usage.

### DEVELOPING SUSTAINABLE BIOFUELS

Climate Solutions also played a pivotal role in enacting Washington’s 2007 bioenergy legislation, getting some $6.5 million in funding for developing the next generation of sustainable biofuels—based on local wastewater and organic household waste that don’t require land or resources better used for growing food. Some of the funding is going towards field trials of potential local feedstocks like perennial grasses, to identify the best suited to sustainable production, and to find ways to process the byproducts into other useful products to further bring down costs.

Most promising near term, says Washington State University professor Shulin Chen, interim director of the Center for Bioproducts and Bioenergy, is producing energy from some of the region’s 17 million tons of unused dry biomass each year, from crop and forest residue, animal and municipal waste. Converting that local waste stream into methane, and then burning the methane to generate electricity could power 15%–40% of the homes in eastern Washington. Chen’s group is starting commercial tests of a more economical anaerobic digester that can process large enough quantities of manure and wastewater to generate electricity to sell into the grid, while producing saleable peat-moss-like soil conditioner and slow release fertilizer.

“PEOPLE GET IT: FOSSIL FUEL DEPENDENCE IS DISRUPTING THE CLIMATE, DRAINING THE ECONOMY, AND UNDERMINING NATIONAL SECURITY. FOLKS ARE PLENTY WORRIED. AND THEY’RE READY— HUNGRY—for real, credible, economic answers. We aim to be the window to real solutions.”

—KC Golden, Policy Director, Climate Solutions
WHO WE ARE: OUR TEAM

CLIMATE SOLUTIONS LEADERSHIP

Gregg Small, Executive Director, brings more than a decade of experience leading non-profit organizations to the job of setting Climate Solutions’ strategic vision and managing its daily operations. Before joining Climate Solutions in 2008, Gregg served as the Executive Director of the Washington Toxics Coalition and of the California-based Pesticide Watch, where he gained extensive experience bringing together diverse constituencies in coalitions to get things done. He’s a leader in the Priorities for a Healthy Washington collaborative of environmental organizations working together to pass strong environmental policies.

K.C. Golden, Policy Director and advocate-in-chief is a national figure, well known as an environmental strategist and speaker, noted for his emphasis on positive solutions. He serves on Governor Gregoire’s Climate Action Team, co-founded the national 1Sky coalition of groups working for climate policy, and was recently recognized by Seattle Magazine as one of its “Power 25” Most Influential People and its “Eco Hero #1”. He serves on the boards of the US Climate Action Network, the Renewable Northwest Project, and the advisory committee of Al Gore’s Alliance for Climate Protection. K.C. was formerly Washington State’s Energy Policy Director, and a special assistant to the Mayor of Seattle for clean energy and climate policy initiatives.

Rhys Roth, Director of Strategic Innovation, is one of the founders of Climate Solutions, who bridges partisan divides with his infectious enthusiasm, to get people actively engaged. He’s one of the few environmental leaders to spend most of his time with farmers, businesses, and evangelical leaders. Rhys leads the Harvesting Clean Energy agriculture program and has helped replicate this groundbreaking model in other regions of the country. He also leads Climate Solutions’ effort to engage the Northwest high-tech community in building a world-class clean energy industry and creating clean energy jobs.

Beth Doglio, Campaign Director, brings the parts together. She oversees the legislative campaigns, shepherding bills through the legislature by calling up the right action from Climate Solutions’ network of constituent communities at the right times. Beth was previously a campaign organizer and development director for Audubon Washington, and Executive Director of Washington Conservation Voters (WCV).

Patrick Mazza, Research Director, another founding member of the Climate Solutions team, is a clean energy policy expert who works with industry, utility, and scientific experts to create key reports and build collaborative understandings that map the way to practical clean energy policies, from the smart grid and smart buildings, to sustainable biofuels and wind power for rural revitalization.

Teresa Myers, Development Director, has been part of the Climate Solutions team since 1999, oversees the general management and tracking of foundations, major donor development and membership, including fundraising campaigns, events, direct mail, annual report and other fundraising related communications. Prior to Climate Solutions, Teresa worked in the financial industry as an independent financial advisor.

Andy Gree, Communications Director, has more than 25 years experience in politics and policy, communications strategy, media relations, community relations and public affairs. He’s been a consultant to political and public education campaigns, public officials, non-profits, labor unions and governments. Andy has also worked as a city council and congressional staffer, and as a communications director or campaign manager on statewide campaigns.
FINANCIALS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
Fiscal year ending December 31, 2007 (With Comparative Totals from 2006)

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<td>Net Assets at End of Year</td>
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SOURCES OF REVENUE (FY 2007)

The financial statements of Climate Solutions as of December 31, 2006 and December 31, 2007 were examined by the independent certified accounting firm, Aiken & Sanders. The above are financial highlights. A complete set of audited financial statements is available upon request.

ALLOCATION OF PROGRAM FUNDS (FY 2007)

To learn more about supporting Climate Solutions, please visit ClimateSolutions.org, or call us to arrange a private meeting.