



OVERVIEW OF CLEAN ENERGY PROGRAMS FUNDING – FALL 2023

Commerce will deploy a broad portfolio of programs to advance clean energy and reduce greenhouse gas emissions.

Fueled by new state and federal investments in clean energy and environmental justice, these programs aim to:

- Decarbonize buildings
- Modernize the electric grid
- Promote innovation and solar energy deployment
- Enhance community resilience
- Support low-income communities
- Accelerate transportation electrification
- Facilitate clean energy project siting and permitting

Commerce will deploy these programs in alignment with the 2021 State Energy Strategy and our state's clean energy and climate goals, aiming to create a sustainable and resilient energy future and benefit vulnerable populations in overburdened communities.

The funding levels in this document are approximate and do not reflect the exact funding amount that will be made available. Additional funding may augment or create other opportunities, as authorized by the Legislature, federal government, or other sources. In addition, Commerce program administration funds will be deducted.

Agency contact

Michael Furze
ASSISTANT DIRECTOR

michael.furze@commerce.wa.gov

Tribes and Federal Match

Tribal Clean Energy

\$10 million from the Clean Energy Fund exclusively for tribes to support clean energy development projects.

Funding can support planning, predesign, design, construction, project predevelopment, and deployment of clean energy projects that contribute to achieving the state's greenhouse gas emissions reduction goals. Commerce will collaborate closely with tribes in the design and development of this grant program.

Federal Match

\$10 million from the Clean Energy Fund to accelerate clean energy and climate goals through state matching funds for federal grants.

Funding may be used to match federal grants to state or non-state entities for clean energy research, development, and demonstration projects.

Clean Buildings and Decarbonization

Buildings are the most rapidly growing source of greenhouse gas emissions in Washington. The buildings sector is the state's second-biggest carbon polluter behind transportation, accounting for 27% of statewide emissions. Investment in building energy efficiency is the most cost-efficient way to significantly reduce greenhouse gas emissions. Commerce programs focus on improving energy efficiency in public buildings, supporting weatherization efforts for low-income households, and promoting community-wide energy efficiency. These initiatives aim to reduce energy consumption, lower operational costs, improve indoor air quality, and reduce greenhouse gas emissions in the building sector.

Energy Efficiency Retrofits for Public Buildings

\$22.5 million for grants to local governments, public higher education institutions, school districts, tribal governments, and state agencies.

These grants will support facility improvements and related projects that result in energy and operational cost savings in public and tribal buildings. Priority consideration will be given to projects in small cities or towns.

Energy Efficiency Revolving Loan Fund

\$1.8 million from the U.S. Department of Energy to establish a revolving loan fund for commercial and residential energy audits and energy efficiency upgrades and retrofits of building infrastructure.

The projects are intended to contribute to building improvement goals, accelerate job growth, and advance equity, environmental, and energy justice priorities. Commerce intends to contract with a lending partner(s) to administer the program.

Energy Efficiency and Conservation Block Grants

\$2.2 million from the U.S. Department of Energy to provide seed funds and resources to local and tribal governments to build clean energy capacity.

The program aims to cut carbon emissions, improve energy efficiency, and reduce energy use. Priority will be given to projects benefiting rural and disadvantaged communities.

Low-Income Weatherization Plus Health

\$35 million to improve energy efficiency and indoor air quality in qualified low-income households.

Through collaboration with local government, community action agencies and tribes, this program adds insulation, seals cracks, and implements other measures to reduce heat loss, lower heating bills, and create healthier living environments. The state funding will leverage \$47 million from the Infrastructure Investment and Jobs Act to increase households served and expand services to multi-family residences.

Low-Income Home Rehabilitation

\$6 million to address home rehabilitation measures and qualify homes for weatherization.

This new grant program will serve rural, low-income homeowners. Homeowners who are senior, persons with disabilities, families with children aged 5 years or younger, and veterans will receive priority for the grants. Commerce will contract with qualified agencies across the state to administer this program.

Community Energy Efficiency

\$5 million to support homeowners, tenants, and small business owners in making energy efficiency investments.

The Community Energy Efficiency Program (CEEP) provides consumer education, marketing, workforce support through training, and direct incentives for upgrades to existing homes and small commercial buildings. Commerce and its partner, Washington State University, will recruit program sponsors that are community-based organizations located in geographic areas of the state that have not received funding for low-income weatherization programs, targeting hard-to-reach market segments.

State Project Improvement

\$5 million to enhance the energy efficiency and environmental performance of minor works, stand-alone, and emergency projects at state facilities.

These grants support the repair or replacement of existing building systems to reduce greenhouse gas emissions from state operations.

Clean Buildings Incentives

The Clean Buildings Act was signed into law in 2019 and later expanded in 2022. The law provides incentives to encourage building owners to make energy efficiency improvements earlier than required. Incentives are available for non-residential, hotel, motel, and dormitory buildings greater than 50,000 sq. ft. that demonstrate early compliance with the Clean Buildings Performance Standard. Tribes are not required to comply with the Clean Buildings Performance Standards, but are eligible for incentive funding.

High Efficiency Electric Home Rebates (HEEHR) - Section 50122

\$82 million in federal funding to develop a new high-efficiency electric home rebate program.

This new program will allow point-of-sale rebates for income-eligible consumers on a range of high-efficiency electric equipment and electrification projects, including heat pumps, electric stoves, insulation, air sealing, ventilation, and more. The U.S. Department of Energy is expected to release funds to states in early 2024. Rebates are expected to be available in 2024. Commerce anticipates combining this funding with additional funding allocated by the state legislature for the 2023-2025 biennium.

Please note that home energy consumer tax credits under the Inflation Reduction Act do not flow through state energy offices and are administered by the Internal Revenue Service (IRS).

An additional \$80 million in state investment for FY 2024-2025 will be available after July 1.

Home Energy Performance-Based, Whole Home Rebates (HOMES) - Section 50121

\$83 million in federal funding to develop and implement an efficiency rebate program to provide rebates to homeowners and aggregators for whole-house energy savings retrofits.

Rebates will vary by depth of energy savings and income qualification. The U.S. Department of Energy is expected to release funds to states in early 2024. Rebates are expected to be available in 2024.

Clean Electricity and Resilient Grid Programs

Washington is on its way to eliminating greenhouse gas emissions from electricity with the implementation of the Clean Energy Transformation Act (CETA), which commits Washington to an electricity supply free of greenhouse gas emissions by 2045. Currently, electricity accounts for 16% of the state's emissions, and Washington will need to grow and manage clean, reliable electricity generation to meet increasing demand from buildings, industry, and transportation. Commerce's clean electricity programs are designed to enhance grid resilience, promote solar energy adoption, drive clean energy innovation, and facilitate clean energy siting and permitting. By focusing on these initiatives, we aim to mitigate the impacts of extreme weather events, accelerate the deployment of solar energy systems, strengthen grid resiliency, and facilitate the transition to a clean and reliable electricity system throughout Washington.

Clean Energy Siting and Permitting

\$10 million for port districts, counties, cities, towns, special purpose districts, and tribes to support the siting and permitting of clean energy projects in the state.

Eligible uses of the funding include predevelopment work, land use studies, planning efforts, and staff to improve permit timeliness and certainty.

Grid Integration and Innovation

\$20 million from the Clean Energy Fund for grants focusing on electrical grid integration and innovation projects.

Eligible projects should demonstrate distributed energy resources, support community resilience, enhance demand response, facilitate renewable energy integration and energy storage, and promote building electrification, equipment electrification, and electric vehicle charging. This funding category combines previous Clean Energy Fund efforts related to grid modernization, transportation electrification, and buildings decarbonization.

Grid Resilience and Reliability

\$50 million in federal and state funding over five years to focus on modernizing the electric grid to reduce the impacts of extreme weather and natural disasters.

The program aims to ensure the reliability of the power sector's infrastructure and provide affordable, reliable, and clean electricity to all communities. The goal is to reduce the number and duration of outages caused by natural hazards by repairing and strengthening damaged or vulnerable systems.

Washington also seeks to coordinate resilience measures by adopting renewable resources, strengthen community resilience, and grow the resilience workforce.

Commerce expects to leverage this funding with additional funding allocated by the state legislature for the 2023-2025 biennium.

Solar Energy Retrofits for Public Buildings

\$22.5 million for the purchase and installation of solar energy systems in public facilities operated by local government, public higher education, school districts, state agencies and tribal governments.

Priority consideration will be given to projects in small cities or towns and projects that utilize made-in-Washington solar modules and inverters.

Solar Plus Storage for Resilient Communities

\$74 million to increase solar deployment and install battery storage in community buildings.

Commerce will make an initial round of grant awards in August 2023 and expects to have \$37 million available for a second round in late summer 2024. Grants are provided to enhance grid resiliency and provide backup power for critical needs during outages, or to provide incentives for electric utility demand response programs that include customer-sited solar and battery systems. Grant funds can be used for planning and predevelopment work with vulnerable, highly impacted, and rural communities.

Community Solar Plus Storage for Low Income

\$39 million to provide solar and battery storage community projects for public assistance organizations serving low-income communities.

The program aims to prioritize projects sited on "preferred sites" that do not displace critical habitat or productive farmland. Community solar projects can range from 12 kW DC–1,000 kW DC in size. \$19.5 million will be available in state fiscal year 2024, with another \$19.5 million available in fiscal year 2025.

Large Scale Solar Innovation

\$49 million to advance large-scale solar innovation in Washington.

This includes the Yakama Nation Solar project, funded at \$20 million, as well as a competitive grant program providing \$19 million for large-scale solar innovation projects.

Dual Use Solar Pilot

\$10.6 million to support the planning, predevelopment, and installation of commercial, dual-use solar power demonstration projects.

Eligible grant recipients include nonprofit organizations, public entities, and federally recognized tribes.

Clean Transportation

Transportation is Washington's number one source of greenhouse gas emissions and a major source of local air pollution that disproportionately impacts the health of people living near roadways, port facilities, industrial activity and railways – communities where vulnerable populations often reside. Commerce's clean transportation priorities include improving equitable access to electric vehicles, reducing greenhouse gas emissions, and improving health outcomes in communities impacted by transportation pollution.

Electric Vehicle (EV) Infrastructure

\$128 million for EV charging equipment at multi-family housing, schools, and other locations.

Commerce opened an initial funding round of \$64 million in early September 2023 to support Level 2 or DC fast charging grants in residential multi-family, public spaces in underserved communities, fleet depot, and workplace charging. A second round of \$60 million is expected to be available in mid- 2024.

EV Incentives

\$22.5 million for incentives to lower the upfront cost of purchasing light-duty or passenger electric vehicles.

Commerce opened a Request for Proposals for \$2 million, for entities interested in administering a \$20.5 million point-of-sale rebate program. The RFP is due in December 2023. The program is expected to launch in April 2024.

Targeted Decarbonization and Innovation

Hard to Decarbonize Sectors

\$20 million to reduce greenhouse gas emissions in hard-to-decarbonize sectors such as industry, aviation, and maritime.

Grant awards will support projects that go beyond business-as-usual practices and prioritize compliance with state greenhouse gas reduction policies. This may include efficiency improvements, process enhancements, and other strategies. A minimum of 40% of the appropriation must be spent for projects that benefit vulnerable populations in overburdened communities. In addition, a portion of the funding will also be allocated for facilitation, consultation, and long-term planning assistance for industrial decarbonization. A separate portion of the funds will be dedicated to advancing sustainable aviation research and development.

Research, Development, and Demonstration

\$12 million from the Clean Energy Fund for strategic research, development, and demonstration of new and emerging clean energy generation and storage technologies and climate change mitigation technologies, including greenhouse gas removal.

Projects must reduce fossil fuel reliance and risk of power supply irregularities, offer opportunities for economic and job growth, and strengthen technology supply chains. Funding will be provided for various stages of readiness, including early-stage research, pilot and demonstration projects, and dual use projects that produce clean energy and additional benefits.