

INTERAGENCY POLICY TEAM

Purpose: Low Carbon Energy Project Siting Improvement Study
Date: July 28, 2022
Attendees: Joenne McGerr (ECY), Brenden McFarland (ECY), Diane Butorac (ECY), Michael Furze (COM), Brian Young (COM), Scott Kuhta (COM), Marie Davis (COM), Becky Kelley (GOV), Allyson Brooks (DAHP), Dever Haffner-Ratliffe (DNR), Kathleen Drew (EFSEC), Kelly Craig (ORIA), Deborah Reynolds (UTC), Sonia Bumpus (UTC), Michael Garrity (WDFW), Gary Bahr (WSDA), Tyson Oreiro (ECY), Michelle Gladstone-Wade (COM), Aaron Peterson (COM), Rick Bell (DOR), Scott Sampson (DOR), Susan Hayman (Facilitator, Ross Strategic), Heather Christopher (Ross Strategic)

ACTION ITEMS			
Responsible	Action	Start Date	Due Date
All	Review and provide feedback on potential solution categories and high-level recommendations	7/18/22	8/4/22

MEETING SUMMARY

Presentations

All presentations are available on the [interagency policy team webpage](#). The appeals presentation was moved to the August meeting.

- **Economic Development Considerations**, *Brian Young, Department of Commerce*. Brian gave an overview of the roles and organizational structure of the Office of Economic Development and Competitiveness (OEDC), which include business attraction and retention, assistance for small businesses, and industry sector leads.
 - The clean technology sector is a main focus of OEDC
 - OEDC works with many partners, including Associate Development Organization (ADOs) who represent their community for business opportunities, state and federal agencies, industry, among others.
 - Despite having fewer incentives than other states, Washington is an attractive place for businesses for several reasons, including its educated workforce, culture of entrepreneurship, low-cost energy, and pro-business tax structure.
 - For clean energy projects, Washington is focused on manufacturing opportunities within key sectors, such as energy storage, solar, electrified transport, hydrogen, energy efficient buildings, advanced materials, and the circular economy.
- **Utility Contracting Overview**, *Deborah Reynolds, UTC*. Deborah reviewed the mission of the Utilities and Transportation Commission (UTC), which is to ensure that Investor-Owned Utilities (IOUs) and regulated transportation companies are aligned with the needs of customers. Washington is unique in that its three IOUs only provide about 40% of the state's electricity. The majority of Washington's electricity comes from Consumer-Owned Utilities (COUs), which do

not fall under UTC's purview. There are three types of proceedings that the UTC uses to regulate IOUs: rulemakings ([WAC Title 480](#)), adjudications (trial-like proceeding), and bi-weekly [open meetings](#). For adjudications UTC staff are considered a party to the case and cannot work with regulator on the case.

- The Clean Energy Transformation Act (CETA) requires an equitable distribution of benefits and burdens to all customers, including vulnerable and highly impacted populations. UTC is working on meeting these requirements.
 - Under Washington's Purchases of Electricity Rules (WAC 480 107), IOUs must use a request for proposals (RFP) to solicit bids for energy resources. They must identify resources that may contribute to equitable distribution of benefits, and public health, and resiliency impacts to vulnerable populations and highly impacted communities.
 - A new participatory funding law (RCW 80.28.430) provides funding opportunities for organizations representing customer interests to advocate in energy proceedings. Under this law, UTC can ask organizations to participate in RFP analyses.
 - As part of its ongoing role to protect consumers, UTC has an open rulemaking (Docket U 210800) that will address equitable distribution of benefits. A 2021 law requires the UTC to look at how it regulates utilities through "performance-based regulation," which is different from traditional cost of service ratemaking. This allows UTC to consider equity in approval of multi-year rate plans and helps ensure that utilities are measuring equitable impacts.
- **Property Tax Overview**, *Scott Sampson and Rick Bell, Department of Revenue (DOR)*. Scott and Rick reviewed the role of DOR's Property Tax Division, which includes providing guidance to property owners and taxpayers. Washington is a 100% market value state, which means that property taxes change each year depending on market value.
 - There are two types of property: real and personal. Real property is land and buildings, and personal property includes everything else. County assessors mainly treat renewable energy equipment and assets as personal property. The assessors use DOR published valuation trend tables to estimate the value.
 - Taxes can change dramatically year-to-year. Average levy rates for taxing districts can be found on the [DOR website](#).
 - DOR's valuation guidelines for the solar industry were written 15 years ago for rooftop solar. DOR intends to update guidelines for wind and to include solar farms by mid-December 2022. DOR recently added guidance for solar farm battery storage. Guidelines are published once a year, typically in December, and take effect January 1st of the following year.
 - Solar farm development on agricultural lands triggers current use removal and payment of back taxes. Wind energy is considered an incidental use and does not trigger this.

Group Discussion

- Dual-use or multi-benefit solar farms maintain agricultural use, so consider co-use or exemption of these types of solar farms on current use agricultural lands for tax purposes.
- There are challenges for managing taxes for clean energy where revenue can increase initially from new projects, but then falls as their value depreciates. Consider examining ways to tax the value of the energy rather than the property.
- Sometimes a portion of farmland is set aside for conservation purposes and then there are Payments in Lieu of Taxes (PILT), so should consider PILT to support larger, more contiguous private land habitat.

- Incoming infrastructure projects will likely double the work for agencies and Tribes, who do not have the capacity and funding for this additional work.

Discussion on issues and high-level recommendations

To continue the process of developing recommendations for the Legislative report, Ecology and Commerce presented issues that they heard during the past year, categories of potential solutions and potential high-level recommendations. These were updated from the discussion at the June IPT meeting. A document with potential solution categories and high-level recommendations was shared with the IPT on July 18th for feedback. The team provided and discussed initial thoughts, and written feedback was requested by August 4th. These high-level recommendations will be used to develop more detailed recommendations over the next months, with input from the IPT, Advisory Board, and Tribes. This work is to support development of meaningful and actionable recommendations for the Legislative report due December 1, 2022.

Updates on committees, work groups, other related work

- The second Tribal Forum is scheduled for today, July 28th.
- The August 10th Advisory Board meeting will focus on the topic of today's IPT meeting.
- Future IPT meetings will be focused on recommendations development and refinement.

Next steps

- IPT members to submit written feedback on the potential solution categories and high-level recommendations by August 4th.