

# FINAL BILL REPORT

## ESHB 2289

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**C 451 L 09**  
Synopsis as Enacted

**Brief Description:** Expanding the energy freedom program.

**Sponsors:** House Committee on Capital Budget (originally sponsored by Representative McCoy).

**House Committee on Capital Budget**  
**Senate Committee on Environment, Water & Energy**  
**Senate Committee on Ways & Means**

### **Background:**

Legislation enacted in 2006 established the Energy Freedom Program (Program) and the Energy Freedom Account in the Washington State Department of Agriculture to develop a viable biofuel industry to promote public research and development in biofuel sources and markets, and to support a viable agriculture industry to grow biofuel crops. In 2007 responsibility for the Program and the Energy Freedom Account was transferred to the Department of Community, Trade and Economic Development (DCTED) and the Green Energy Incentive Account was created within the Energy Freedom Account.

The Program provides financial and technical assistance to cities, counties, ports, special purpose districts, and other political subdivisions of the state, as well as federally recognized tribes, and state institutions of higher education for the types of projects listed below. Under the Program, a project may receive up to \$5 million from the Energy Freedom Account as long as the support constitutes no more than 50 percent of the total project costs. The following are the criteria for selecting projects:

- conversion of farm products, wastes, cellulose, or biogas directly into electricity, biofuel, or other coproducts;
- technical feasibility and assistance in moving commercially viable projects into the marketplace;
- use of feedstocks produced in the state;
- increased energy independence or diversity;
- production of long-term economic benefits, including new jobs, job retention, or higher incomes; and

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- options for the state to purchase a portion of the fuel or feedstock produced by the project.

Appropriations made to the Green Energy Incentive Account are dedicated for refueling station development, plug-in hybrid pilot projects, and hydrogen vehicle demonstration projects.

**Summary:**

The Energy Freedom Program (Program) is expanded to receive federal funds and to accelerate energy efficiency improvements, renewable energy improvements, and deployment of innovative energy technologies.

Financial assistance may be provided to the state, political subdivisions of the state, federally recognized Indian tribes, nonprofit 501(c)(3) organizations, and private entities that are eligible to receive federal funding.

The definitions of energy efficiency improvements, innovative energy technology, and renewable energy improvements are added to the Program. Energy efficiency improvements means an installation or modification designed to reduce energy consumption. The definition includes: insulation; storm windows and doors; automatic energy control systems; heating, ventilating, or air conditioning and distribution systems; caulking and weather stripping; energy recovery systems; geothermal heat pumps; and daylighting systems. Innovative energy technology means: a smart grid or smart metering; biogas from landfills, wastewater treatment plants, anaerobic digesters, or other processes; fuel cells; high efficiency cogenerating; and energy storage systems. Renewable energy improvements means a fixture, product, system, device, or interacting group of devices that produces energy from renewable sources. It includes photovoltaic systems, solar thermal systems, small wind systems, biomass systems, and geothermal systems.

The definition of project is expanded to include energy efficiency improvements, renewable energy improvements, innovative energy technologies, and clean energy projects identified by the Clean Energy Council (Council) (established in Chapter 318, laws of 2009).

The Council is added to the list of agencies that the director of CTED must consult with when renaming applications for funding.

When reviewing applications for energy efficiency improvements, renewable energy improvements, or innovative energy technology, applicants may be awarded grants or loans if the project or program:

- will result in increased access to energy efficiency improvements, renewable energy improvements, or innovative energy technologies;
- demonstrates technical feasibility and assists in moving a project into the marketplace for use by Washington citizens;
- does not require continued state support; or
- the federal government has provided funds with a limited time frame for use.

The director of the Department of Community, Trade and Economic Development (CTED) must appoint a coordinator that is responsible for coordinating state efforts to promote biofuels, energy efficiency, renewable energy, and innovative energy technology markets in the state.

The Energy Recovery Act Account (Account) is created as an appropriated account in the State Treasury. State and federal funds may be deposited into the Account, and the Account will retain interest earned on the Account. Any loan payments or principal and interest derived from loans made from the Account must be deposited into the Account. Funds may be used for loans, loan guarantees, and grants that encourage the establishment of innovative and sustainable industries for renewable energy and energy efficiency technology. The director of CTED must establish policies for funding projects and must consider the clean energy leadership strategy in developing these policies.

If the requests for funding exceed the amount of funds available in the Energy Freedom Account, applications must be prioritized based on several criteria, including the extent to which the project will establish a viable energy efficiency, renewable energy, or innovative energy technology industry in the state.

**Votes on Final Passage:**

House	88	7	
Senate	45	0	(Senate amended)
House	92	4	(House concurred)

**Effective:** May 11, 2009  
July 1, 2009 (Section 8)