

POLICY BRIEF

Citizens' Guide to Initiative 2066

to repeal laws and regulations that discourage natural gas use and would require current natural gas customers to switch to electric heating

By Todd Myers,
Vice President for Research

October 2024

Key Findings

1. Initiative 2066 would repeal recently adopted regulations that prevent natural gas hookups in new homes and require existing homes to transition from natural gas to electric heating.
2. The initiative would guarantee that homeowners would have access to natural gas for heating, cooking, and other uses.
3. Repealing the new regulations adopted by the legislature and State Building Code Council will likely reduce the cost of new home construction and ongoing energy costs.
4. Keeping the existing restrictions on natural gas heating would increase demand for electricity in upcoming years, exacerbating a predicted shortfall in energy production.
5. Despite the claim that natural gas cooking appliances increase asthma, research shows there is no increase in asthma in relation to indoor NO₂ exposure from gas cooking.



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Introduction

As part of the effort by the Inslee Administration to eliminate CO₂-emitting fuel in Washington state, there have been efforts to prevent homeowners from using natural gas for home heating or cooking. Two of these efforts culminated during the past year, with the State Building Code Council (SBCC) adopting a new energy code that essentially bans natural gas hookups in new homes, and the passage of House Bill 1589 which requires Puget Sound Energy (PSE) to force natural gas customers to switch to electric heating.^{1, 2}

Arguing that these policies would increase the cost of energy and make Washington's electrical grid more fragile, the Building Industry Association of Washington and Let's Go Washington introduced Initiative 2066 to repeal the new limits on natural gas in the state. The legislature added an "emergency" clause to HB1589, which meant it could not be repealed with a referendum requiring 202,000 signatures but had to meet the higher threshold for an initiative of 405,000 signatures.³ Ultimately, Initiative 2066 sponsors collected more than 546,000 signatures – the second-largest total for an initiative in state history.⁴

The title that will appear on November ballots reads, "Initiative Measure No.2066 concerns regulating energy services, including natural gas and

- 1 Washington State Building Code Council. (2024, January 16). To modify sections in the commercial and residential energy codes to address legal uncertainty stemming from the decision in California Restaurant Association v. City of Berkeley recently issued by the Ninth Circuit Court of Appeals. https://sbcc.wa.gov/sites/default/files/2024-01/WSR_24_03_084_WSEC_R_Comb.pdf
- 2 AN ACT Relating to supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future; amending RCW 19.280.030, 80.24.010, 19.405.060, 80.28.130, 80.28.365, 4 80.28.380, and 80.28.425; adding a new chapter to Title 80 RCW; creating a new section; and declaring an emergency. (2024). <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/Session%20Laws/House/1589-SL.pdf?q=20241001142543>
- 3 Office of the Secretary of State, Elections Division. (2024). Initiative & Referenda Handbook – 2024. <https://apps.sos.wa.gov/assets/elections/initiatives/initiative-and-referenda-handbook.pdf>
- 4 KVI AM. (2024, July 5). Vote Yes Pay Less: Brian Heywood gives the final count of I-2066 signatures. Talk Radio 570 KVI. <https://www.kvi.com/2024/07/05/vote-yes-pay-less-brian-heywood-give-the-final-count-of-i-2066-signatures/>

electrification. This measure would repeal or prohibit certain laws and regulations that discourage natural gas use, and/or promote electrification, and require certain utilities and local governments to provide natural gas to eligible customers.”⁵

With the state’s existing caps on CO2 emissions in place, the actions by the legislature and the SBCC don’t add anything to existing requirements to reduce emissions but are intended to dictate how a portion of those reductions will occur. The restrictions on natural gas are also way to prevent changes to the state’s CO2 limits by eliminating infrastructure necessary to deliver CO2-emitting fuels.

The legislation and new energy code make meeting existing CO2 goals more expensive. HB1589 says, “In order to meet the statewide greenhouse gas limits in the energy sectors of the economy, more resources must be directed toward achieving decarbonization of residential and commercial heating loads.” The bill allows utilities to increase consumer rates and recover the costs of making customers switch from natural gas to electricity. Those costs are in addition to the more than \$2 billion collected by the state’s new CO2 tax.

The amendments to the state’s energy code would also increase costs. An analysis of a previous version of the proposed energy code changes by the Pacific Northwest National Laboratory found the proposals would add about \$6,000 in lifetime costs by requiring heat pump space heating, and another \$1,500 for a heat pump water heater.⁶ After the rules were modified, no new economic analysis was completed.

Additionally, when the State Building Code revised the proposal to address a court decision about Berkeley’s proposed ban on natural gas, councilmembers refused to update the economic analysis or complete the legally required elements of a Small Business Economic Impact Statement (SBEIS). Nowhere in the SBEIS did the Building Code Council calculate the impacts required in law. The statement does not provide evidence about “whether compliance with the rule will cause businesses to lose sales or revenue,” as required in RCW 19.85.040(1).⁷ It does not analyze the “costs of equipment, supplies, labor, professional services, and increased administrative costs.” There is no information about the “estimate of the number of jobs that will be created or lost as the result of compliance with the proposed rule,” as required in subsection (2)(d). Additionally, there is no comparison of the cost of compliance between small business and the largest business required to comply with the rules, using one of the following metrics: cost per employee, cost per hour of labor, or cost per one hundred dollars of sales. Instead of assessing the cost to comply with the new regulations, SBCC members adopted the rules without an assessment of the impact on small businesses or customers.

5 Chien, M. (2024, April 19). Re: Initiative No. 2066. Attorney General of Washington. https://apps.sos.wa.gov/assets/elections/initiatives/ballottitleletter_3177.pdf

6 Salcido, R. and Tyler, R. (2022, November 3). Updated Cost-Benefit Analysis of Select WSEC-R Proposals. Pacific Northwest National Laboratory. https://sbcc.wa.gov/sites/default/files/2022-11/Preliminary%20review%20of%20WSEC-R%20proposals_Update_11032022.pdf

7 Small business economic impact statement—Purpose—Contents. 19.85.040 Revised Code of Washington. [2007 c 239 s 4; 1995 c 403 s 403; 1994 c 249 s 12. Prior: 1989 c 374 s 3; 1989 c 175 s 73; 1982 c 6 s 4.]. <https://app.leg.wa.gov/RCW/default.aspx?cite=19.85.040>

HB1589 also functionally eliminates Puget Sound Energy’s obligation to provide natural gas service to its existing customers, known as the “obligation to serve.”⁸ It requires PSE to engage in “transition of a portion of gas customers of the large combination utility with an intent to electrify loads of such customers” even if those customers don’t want to change the way they heat their homes.

Voting “Yes” would repeal the newly installed regulations and allow utilities to continue to provide natural gas service to residential customers and eliminate the requirements that would increase the cost of home construction and increase electricity rates to cover the cost of transition away from natural gas. Voting “No” would prevent new homes from using natural gas and would require Puget Sound Energy to begin forcing its natural gas customers to switch to electric heating.

I-2066 guarantees access to natural gas

The legislation and regulation addressed by I-2066 reduce natural gas use by blocking new natural gas hookups and making existing homes change to electric heating and cooking. The initiative would repeal elements of both HB1589 and the new SBCC rules. Section 1 of the initiative lays out the intent, noting that “the people determine that access to gas and gas appliances must be preserved for Washington homes and businesses, by strengthening utilities’ obligation to provide natural gas to customers who want it, and by preventing regulatory actions that will limit access to gas.”

I-2066 would repeal several parts of HB1589, adopted during the 2024 legislative session.

It would repeal language in HB1589 requiring PSE to “Achieve all cost-effective electrification of end uses currently served by natural gas...” Although the language mentions “large combination utilities” – utilities that provide both electricity and natural gas – Puget Sound Energy is the only utility that meets the definition included in the legislation. It also repeals the requirement for “geographically targeted electrification,” to “transition of a portion of gas customers of the large combination utility with an intent to electrify loads of such customers...”

Several sections of HB1589 would be repealed entirely, including financial incentives to eliminate natural gas infrastructure, including accelerated depreciation and combining natural gas and electricity rates. The initiative would also repeal the prohibition on rebates for customers who purchase “any natural gas appliance or equipment.”

The initiative also puts in place language that prevents the Washington State Utilities and Transportation Commission (UTC) from using their regulatory authority to push utilities to eliminate natural gas. I-2066 prohibits the UTC from approving a utility rate plan that “requires or incentivizes a gas company or large combination utility to terminate natural gas service to customers,” or that would require “a customer to involuntarily switch fuel use either by restricting access to

8 State of Washington House of Representatives, Office of Program Research. (2024, August 22). Summary of Initiative 2066. <https://leg.wa.gov/House/Committees/OPRGeneral/Documents/2024/Initiative2066Summary.pdf>

natural gas service or by implementing planning requirements that would make access to natural gas service cost-prohibitive.”

It also preempts local jurisdictions from banning natural gas and requires utilities, cities, and towns, to “provide natural gas to all persons and corporations in their service area or territory that demand, apply for, and are reasonably entitled to receive, natural gas under this section.”

The initiative would also repeal elements of the state energy code that functionally ban natural gas hookups from new construction. I-2066 says, “The Washington state energy code may not in any way prohibit, penalize, or discourage the use of gas for any form of heating, or for uses related to any appliance or equipment, in any building.” Additionally, in the future “the state building code council shall not in any way prohibit, penalize, or discourage the use of gas for any form of heating, or for uses related to any appliance or equipment, in any building.”

Impacts of repealing HB 1589 and changes to the state energy code

If I-2066 passes, it is likely to reduce the energy costs for existing customers of Puget Sound Energy and the cost of new construction. The initiative would prevent UTC commissioners from increasing electricity rates to fund the transition from natural gas to electric home heating.

Eliminating the requirement to switch from natural gas home heating to electrification would also reduce the risk of energy shortages in the winter. A 2023 study from the Pacific Northwest Utilities Conference Committee found that over the next decade, electricity demands during the winter peak are expected to increase by about 17 percent.⁹ The authors estimate an electricity shortage of about 25 percent during the winter peak in 2033. That study does not take into account the impact of either HB1589 or the new SBCC rules.

Washington state sees the highest demand for electricity occur in the winter. During the cold snap in January 2024, the Pacific Northwest set an all-time high for electricity demand, eight percent higher than demand that occurred during the June 2021 heat dome.¹⁰ Switching existing customers who use natural gas to heat their homes will increase electricity demand during the winter, exacerbating already predicted shortages.

Additionally, wind energy often disappears during cold snaps in the Northwest, further reducing the supply of electricity during periods of high winter demand. During the January 2024 cold snap, the amount of electricity generated by wind fell

9 Pacific Northwest Utilities Conference Committee. (2023, May). Northwest Regional Forecast of Power Loads and Resources: August 2023 through July 2033. <https://www.pnucc.org/wp-content/uploads/2023-PNUCC-Northwest-Regional-Forecast-final.pdf>

10 Jensen, P. (2024, September 18). Council briefings: NW sets summer record for peak power demand & an update on the Western Resource Adequacy Program. Northwest Power and Conservation Council. <https://www.nwcouncil.org/news/2024/09/18/july-heatwave-western-resource-adequacy-program-update/>

to zero for several hours and accounted for about 0.6 percent of the electricity in the BPA electricity system.¹¹

HB1529 also prevents PSE from including natural gas backups as part of its electrification plans after 2030. In cold parts of the state, heat pumps struggle during particularly cold temperatures. Homes required to electrify after that date wouldn't have the option of keeping natural gas heat during very cold periods or in case of blackouts. I-2066 would repeal that restriction and allow homeowners to use natural gas heating as a backup to heat pumps.

Concerns about repealing the natural gas ban

The Opponents of I-2066 raise several objections to the initiative.

Fundamentally, supporters say there is a need to phase out natural gas to reduce statewide CO2 emissions. They argue the restrictions adopted in the energy code and by the legislature are necessary to meet that goal. However, both were adopted when Washington already had a comprehensive CO2 law, the Climate Commitment Act, that put a strict cap on state emissions. The bans on natural gas do nothing to reduce emissions beyond that cap, but simply dictate that building-related emissions be cut using a particular, and expensive, strategy.

Some have argued that repealing the CCA with I-2117 would also eliminate or moot HB1589. This is almost certainly not true. The legislation makes reference to the CCA, but only as one consideration when PSE develops its plan. For example, several of the references to RCW 70A.65 – the Climate Commitment Act – simply say that the plan must include the cost of compliance or the income from sales of CO2 allowances under the CCA in their planning. Another reference to the CCA simply incorporates the definition of “Overburdened community.” Removing these sections does virtually nothing to change the law.

The law still requires PSE to create scenarios that meet the CO2 reductions set in state law in RCW 70A.45.020, which is not part of the CCA and not repealed by I-2117. Of the 27 elements the law requires to be included in PSE's integrated plan, only one references the CCA and that only says the plan must show how PSE allocates the costs of compliance. Even if those costs are zero, it does not eliminate the other 26 required elements.

Opponents of I-2066 also claim that the initiative would preempt local action that could ban natural gas or make it expensive. The No on 2066 campaign notes it “would stop towns, cities and counties from making decisions that work best for their communities. It's an overreach designed to prevent local decision-making.”¹² It is true that local jurisdictions would be prevented from adopting rules that contradict the state energy code as amended by I-2066. However, that preemption is

11 Bonneville Power Administration. (2024). Data for BPA Balancing Authority Total Load, Wind Gen, Wind Forecast, Solar Gen, Solar Forecast, Hydro, Thermal, and Net Interchange. <https://transmission.bpa.gov/Business/Operations/Wind/>

12 No 2066. Retrieved October 2, 2024, from <https://no2066.org/>

not in I-2066, but existing state law. The initiative simply changes the energy code and leaves the existing preemption language in the law.¹³

Advocates of phasing out natural gas appliances also claim that stoves and other appliances increase the incidence of asthma in homes with those appliances.¹⁴ The research cited by some who make that claim contradicts their claim.

An examination of studies looking for the impact of gas cooking on asthma found the nitrogen oxide created by those appliances did not cause asthma or wheeze.¹⁵ The authors found, “The meta analyses found no increase in the risk of asthma in relation to indoor NO₂ exposure and no increase in the risk of wheeze in relation to gas cooking exposure.” The study found that people in homes with natural gas appliances may have a higher rate of asthma but that there is no causal link between the appliances and asthma.

Conclusion

During the past year, the Inslee Administration and the legislature have taken major steps to eliminate the choice of natural gas to heat homes and cook, dictating how Washington residents will meet the state’s CO₂ targets. Initiative 2066 would reverse those decisions, allowing people to decide the mix of fuel and costs that best suit them. Voters will decide whether they prioritize choice and lower housing costs or policies that, while they don’t reduce CO₂ emissions, dictate how emissions will be cut by families across the state.

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- 13 State energy code—Adoption by state building code council—Preemption of local residential energy codes. 19.27A.020 Revised Code of Washington. [2018 c 207 s 7; 2015 c 11 s 3; 2010 c 271 s 304; 2009 c 423 s 4; 1998 c 245 s 8; 1996 c 186 s 502; 1994 c 226 s 1; 1990 c 2 s 3; 1985 c 144 s 2; 1979 ex.s. c 76 s 3. Formerly RCW 19.27.075.]. <http://app.leg.wa.gov/RCW/default.aspx?cite=19.27.075>
 - 14 TVW. (2023, January 5). 2023 Legislative Session Preview. <https://www.tvw.org/watch/?clientID=9375922947&eventID=2023011038&startStreamAt=7992&stopStreamAt=8000>
 - 15 Lin W., Brunekreef B. and Gehring U. (2013, December). Meta-analysis of the effects of indoor nitrogen dioxide and gas cooking on asthma and wheeze in children. *International Journal of Epidemiology*, 42(6), 1724–1737. <https://doi.org/10.1093/ije/dyt150>

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Todd Myers is the Vice President for Research at Washington Policy Center. With more than two decades in environmental policy, his experience includes work on a range of environmental issues, including climate policy, forest health, old-growth forests, and salmon recovery. A former member of the executive team at the Washington State Department of Natural Resources, he is a member of the Puget Sound Salmon Recovery Council.

He is the author of “Time to Think Small: How nimble environmental technologies can solve the planet’s biggest problems,” which outlines how small technologies are empowering people to protect threatened wildlife species, reduce CO2 emissions, and reduce ocean plastic. His previous book “Eco-Fads: How the Rise of Trendy Environmentalism Is Harming the Environment” documented how our environmental policies are driven by a desire to look good rather than to help the environment.

His writing has appeared in the Wall Street Journal, National Review, Seattle Times, and USA Today, and he has appeared on numerous news networks including CNBC, Fox News, the BBC, and CNN. He served as vice president of the Northwest Association of Biomedical Research and received their Distinguished Service Award in 2018 for his support of bioscience. He has also served as president of the Prescription Drug Assistance Foundation, a nonprofit providing medicines to low-income patients.

In 2021, Myers served as president of his local beekeeping club in his quest to build an army of stinging insects at his command. He has a bachelor’s degree in politics from Whitman College and a master’s degree in Russian/International Studies from the Jackson School of International Studies at the University of Washington. He and his wife Maria live in the Cascade Mountains in Washington state with 200,000 honeybees, and he claims to make an amazing pasta carbonara and an incredible dirty vodka martini with blue-cheese-stuffed olives.