



MEMORANDUM

TO: Climate Action Steering Committee (CASC)
FROM: Pamela Braff, Climate Program Manager, City of Olympia
DATE: September 14, 2021
SUBJECT: Building Electrification Cost Assessment Proposal

REQUESTED ACTION

The City of Olympia is asking partner jurisdictions to consider participating in and funding a regional building electrification cost assessment.

- Review and discuss proposal to conduct a regional assessment of costs to build and operate all-electric housing, commercial development, and mixed-use development.
- Steering committee members will be asked to provide a decision at the October CASC meeting.

BACKGROUND

Purpose

After electricity, natural gas represents the second largest source of greenhouse gas emissions from the built environment in the Thurston region (21%). As electricity is increasingly produced by low-carbon sources such as wind and solar, shifting more appliances and heaters to electricity will substantially reduce local greenhouse gas emissions. Phasing out natural gas is identified in the Thurston Climate Mitigation Plan as a key strategy to achieve the most substantial reductions in local greenhouse gas emissions.

In June 2021, Olympia City Council approved a referral request from Councilmember Lisa Parshley, directing Olympia staff to develop a scope, schedule, and budget to conduct an impact assessment of requiring non-fossil fuel source heating and power in new commercial and residential development. The referral also requested that the draft proposal be presented at the Climate Action Steering Committee for regional consideration.

Proposed Electrification Cost Assessment

Olympia staff worked with an environmental economics firm, ECONorthwest, to develop budget and timeline estimates for the electrification cost assessment. ECONorthwest provided the City with a draft scope of work, outlining a proposed approach to address two questions:

- 1) Will requiring building electrification rather than fuel-powered appliances (such as stoves, air circulation, and water heaters) for new construction change the costs associated with building housing, commercial development, or mixed-use development in Thurston County?
- 2) What range of utility cost savings or additions would be possible from using electric appliances rather than fuel-powered appliance counterparts for new residential, commercial, or mixed-use development in Thurston County?

The proposed assessment would take five to seven months to complete and cost \$30,475.

REQUESTED ACTION

No decision needed at this time. Steering committee members will be asked for a decision to fund the cost assessment at the October CASC meeting.

- **Option 1:** All four jurisdictions participate in and fund the building electrification cost assessment, splitting the cost equally across all jurisdictions (\$7,619 per jurisdiction).
- **Option 2:** A subset of jurisdictions participate in and fund the building electrification cost assessment, splitting the cost equally across participating jurisdictions (split across 3 jurisdictions: \$10,159 per jurisdiction; split across 2 jurisdictions: \$15,238 per jurisdiction).
- **Option 3:** No partner jurisdictions participate in or fund the building electrification cost assessment.