

**BALLOT  
REVIEW**

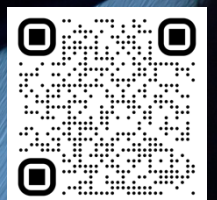
# Washington's I-2066: Protecting access to natural gas

By Madilynne Clark  
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**MOUNTAIN STATES**  
POLICY CENTER





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## Introduction

This November, Washington voters will decide if consumer energy choices deserve protection. Over the course of the last year, Washington state bureaucrats and elected officials have followed the climate posturing of high-cost energy states by banning natural gas in future builds and pushing for grid electrification for existing natural gas users. Washington's Initiative 2066 is the response to this government-created restriction on consumer energy choices, reversing the natural gas bans and prohibiting any and all future energy restrictions.<sup>1</sup>

There are currently only seven states plus Washington D.C. with jurisdictions restricting natural gas use in new construction.<sup>2</sup> Washington state is one of these regions that have restrictions on natural gas. On the other hand, over half of the states in the country have placed preemptive measures in place prohibiting any natural gas bans by local or state jurisdictions.<sup>3</sup> Regional neighbors of Idaho, Montana, and Wyoming have all voted to prohibit these local bans on natural gas.

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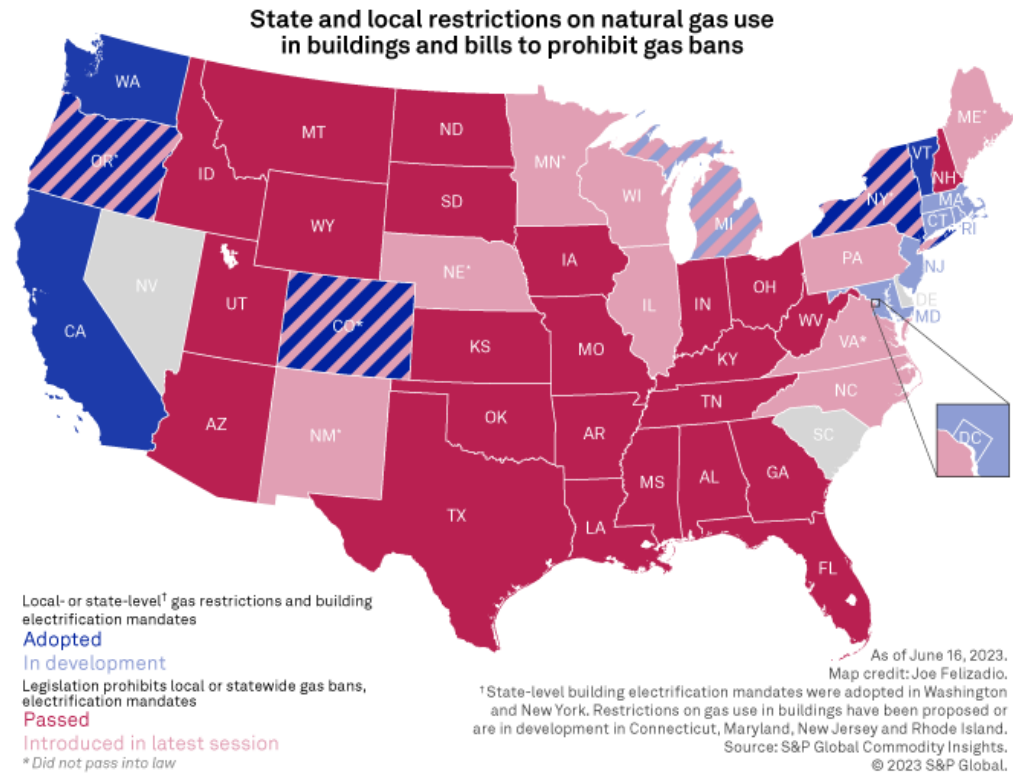
<sup>1</sup> Initiative Measure No. 2066, Filed 5 April 2024, available at <https://www.sos.wa.gov/sites/default/files/2024-07/Initiative%202066%20Full%20Text.pdf>

<sup>2</sup> Ros, A., Kelly Lear Nordby, and Adam Berns, "Natural Gas Restrictions in the U.S.: Examining the State of Play, Policy Objectives, Lebal Developments, and Antitrust Implications," Ankura, 29 February 2024, available at <https://angle.ankura.com/post/102j0y2/natural-gas-restrictions-in-the-u-s-examining-the-state-of-play-policy-objecti#:~:text=Today%2C%20jurisdictions%20within%20seven%20states,likely%20to%20continue%20to%20grow>

<sup>3</sup> DiChristopher, Tom, "Half of US States are on pace to prohibit local gas bans," S&P Global, 21 June 2023, available at <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/half-of-us-states-are-on-pace-to-prohibit-local-gas-bans-76245300>

## KEY INFORMATION COLUMN

The Washington State Building Code removed the mandate for heat pump adoption but created credit incentives that would be so cost-prohibitive to natural gas it would deter its usage in new homes.



## Background

On September 15, 2023, Washington’s State Building Code Council (SBCC) adopted new natural gas restrictions which ignored federal law and restricted consumer energy choices. The code removed the mandate for heat pump adoption but created credit incentives that would be so cost-prohibitive to natural gas it would deter its usage in new homes. The SBCC voted to delay the code implementation until after the following session.<sup>4</sup> Washington Policy Center (WPC) has actively participated in the critique of these codes and their failure to follow the regulatory codes, which call for economic impact reports to small businesses. WPC has petitioned both the SBCC council and the governor to ensure the economic impact of the new codes is addressed. The requests were denied.<sup>5</sup>

The trouble continued during the latest 2024 session when the Washington legislature passed House Bill 1589 – a measure that permitted a utility to pass on the costs of electrification to consumers. Lieutenant Governor Denny Heck said of the draft form of the house bill submitted to the Senate, “There is no other way of saying this clearly, the president is troubled by this legislation. The

<sup>4</sup> “New natural gas restrictions approved, implementation delayed to March 15, 2024,” 18 September 2023, BIAW, available at <https://www.biaw.com/natural-gas-restrictions>

<sup>5</sup> Myers, Todd and Patrick Hanks, “WPC challenges building code council’s illegal natural gas ban as energy choice initiative heads to voters,” Washington Policy Center, 3 July 2024, available at <https://www.washingtonpolicy.org/publications/detail/wpc-challenges-building-code-councils-illegal-natural-gas-ban-as-energy-choice-initiative-heads-to-voters>

## KEY INFORMATION COLUMN

*The Washington State Building Code removed the mandate for heat pump adoption but created credit incentives that would be so cost-prohibitive to natural gas it would deter its usage in new homes.*

drafting and construction of this bill is very simply a hot mess.”<sup>6</sup> The bill unconstitutionally avoided identifying what existing legislation would be affected if enacted, essentially a blank check of regulatory oversight and energy limitations on consumers.

The bill was partially revised but remained very ambiguous on many details. Jan Himebaugh of the Building Industry Association of Washington said, “A lot of people want to say that a 38-page bill that doesn’t contain the word ban means it’s not a ban, but it’s 38 pages describing a ban to tell them to go all-electric.”<sup>7</sup> The bill sacrificed the affordable cost of natural gas today for the prediction that it will become more expensive in the future and relies on the thin hope that renewable energy options become cheaper in the future.<sup>8</sup>

### **Details on Initiative 2066**

The official ballot title reads:

“Initiative Measure No. 2066 concerns regulating energy services, including natural gas and 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.

Should this measure be enacted into law?”

The ballot summary for Initiative Measure No. 2066 says:

“This measure would require utilities and local governments to provide natural gas to eligible customers, prevent state approval of rate plans requiring or incentivizing gas service termination, restricting access to gas service, or making it cost-prohibitive; and prohibit the state energy code, localities, and air pollution control agencies from penalizing gas use. It would repeal sections of chapter 351, Laws of 2024, including planning requirements for cost-effective electrification and prohibitions on gas rebates and incentives.”

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<sup>6</sup> Johnson, Carleen, “A hot mess”: Lt. Gov. Denny Heck blasts Dems over natural gas ban bill,” The Center Square, 1 March 2024, available at [https://www.thecentersquare.com/washington/article\\_c44aaa06-d809-11ee-89f9-37ce82090049.html](https://www.thecentersquare.com/washington/article_c44aaa06-d809-11ee-89f9-37ce82090049.html)

<sup>7</sup> Robertson, Sebastian, “New Washington state law does not ‘ban’ natural gas, does discourage use,” King5, 2 April 2024, available at <https://www.king5.com/article/tech/science/environment/new-state-law-does-not-ban-natural-gas-discourages-use/281-04f7f343-1669-4e60-858c-18ff176c750a>

<sup>8</sup> “House Bill 1589 – Selling out Washington families for corporate interests,” available at <https://src.wastateleg.org/time-governor-sign-hb-1589-natural-gas-ban>

## Pro and Con Statements

Supporters of the initiative say:

- Kris Johnson, President of the Association of Washington Business: “As the state’s manufacturing association, we understand the critical role that natural gas plays in powering our economy. We are concerned about the State Building Code Council, an unelected body, making such a major policy change without direct approval from the Legislature. This code adds considerable costs to the use of natural gas, which has major implications for housing costs and business competitiveness in our state.”<sup>9</sup>
- Greg Lane, Executive Vice President of the Building Industry Association of Washington: “It is very simple. If you have natural gas, this protects you to be able to keep natural gas in your home or your business. And it protects the freedom of every single Washingtonian to have the clean energy of their choice.”<sup>10</sup>

Those opposed to the initiative have said the following:

- Caitlin Krenn, Climate and Clean Energy Director for Washington Conservation Action: “I-2066 would take away communities’ choice, jeopardize rebate programs that help families and small business owners afford building upgrades, repeal common-sense measures that make homes and workplaces more energy efficient and healthy, and erode clean air protections. Over time this measure will raise energy costs for hardworking Washingtonians.”
- Leah Missik, Acting Washington Director for Climate Solutions: “It’s really about folks who are trying to squeeze out profit at our expense and our health. And it’s really important that we transition to cleaner and healthier energy — we’re on a path to do so —and that we’re very thoughtful about it. And this initiative would repeal policies that would put us on that pathway in a very smart way.”<sup>11</sup>

## Key points to consider

*Economics, not policies, efficiently motivates energy choices*

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<sup>9</sup> AWB Endorses I-2066, AWB Association of Washington Business, available at <https://www.awb.org/awb-endorses-i-2066/>

<sup>10</sup> Cornfield, Jerry, “Measure to prevent phasing out of natural gas in WA is on track for November Ballot,” Washington State Standard, 2 July 2024, available at <https://washingtonstatestandard.com/2024/07/02/measure-to-block-was-natural-gas-phase-out-on-track-to-qualify-for-november-ballot>

<sup>11</sup> Washington Initiative 2066, Natural Gas Policies Measure (2024), BallotPedia, available at [https://ballotpedia.org/Washington\\_Initiative\\_2066\\_Natural\\_Gas\\_Policies\\_Measure\\_\(2024\)#Support](https://ballotpedia.org/Washington_Initiative_2066_Natural_Gas_Policies_Measure_(2024)#Support)

**KEY INFORMATION  
COLUMN**

In 2022, the heating industry celebrated the milestone that heat pumps outsold gas-fueled furnaces in the U.S. This trend continues and is lauded as an accomplishment by environmental advocates. However, economics not environmental policies are driving the transition to heat pumps across the country, not environmental activism.

Top 10 lowest cost natural gas states	Top 10 highest cost natural gas states <sup>12</sup>
Montana	Hawaii
Idaho	Georgia
South Dakota	Texas
North Dakota	Florida
Colorado	Arizona
Wisconsin	South Carolina
Alaska	Missouri
Tennessee	West Virginia
Wyoming	Kentucky
Nebraska	Mississippi

*In the case of heat pumps, that efficiency is 2 to 3 times higher than natural gas, but it is powered by electricity. If electricity is expensive in a region compared to natural gas, then the transition to heat pumps makes no economic sense to consumers.*

Natural gas furnaces were a gold standard for a brief moment. Natural gas is more efficient than oil and diesel furnaces, cleaner, and cheaper, but its ‘darling’ moment of environmental benefit was short. After being touted as a path toward green energy transitioning, it quickly joined the blacklisted energy choices about seven years ago. The heat pump was the green-energy replacement to natural gas because of much higher efficiency gains.

To clarify, efficiency doesn’t reflect costs, only the amount of energy required to create a unit of heat. In the case of heat pumps, that efficiency is 2 to 3 times higher than natural gas, but it is powered by electricity. If electricity is expensive in a region compared to natural gas, then the transition to heat pumps makes no economic sense to consumers. Despite efficiency gains, sometimes the electrical cost is still much higher than paying for a natural gas furnace. Additionally in winter weather heat pumps are less efficient and usually cost more to run than natural gas.<sup>13</sup>

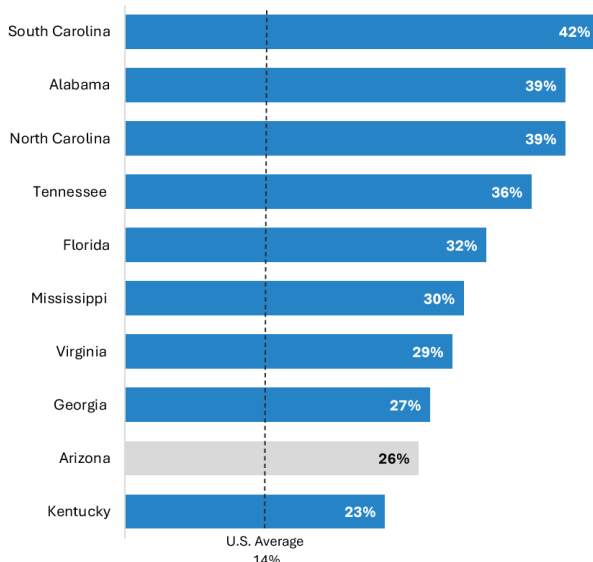
National heat pump adoption trends illustrate that price drives adoption, not policies. The Southern region is the main adopter of heat pumps, and as a region they experience the highest natural gas rates outside of Hawaii and Arizona, and some of the lowest electricity costs. Additionally, the milder winters mean that the heat pumps don’t experience the efficiency losses in cold weather, where the cost differences appear.

<sup>12</sup> “Natural Gas Rates by State,” Choose Energy, 6 August 2024, available at <https://www.chooseenergy.com/data-center/natural-gas-rates-by-state/>

<sup>13</sup> Brown, Stanley, “Natural Gas Bans Aren’t the Solution Policymakers Think, Instead More Problems Arise,” EnergyInDepth, 21 November 2022, available at <https://www.energyindepth.org/natural-gas-bans-arent-the-solution-policymakers-think-instead-more-problems-arise/>

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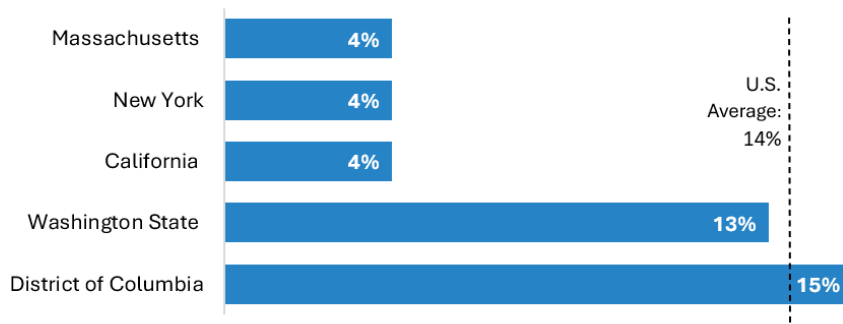
**Share of State Households with Primary Heat Pumps for Space Heating 2020<sup>14,15</sup>**



*The regions adopting natural gas bans have some of the lowest share of households adopting heat pumps.*

Conversely, the regions adopting these natural gas bans have some of the lowest share of households adopting heat pumps. The U.S. average for heat pump adoption is 14% of households, and California, New York, and Washington are all below this threshold.

**Share of Households in Climate-Forward States with Primary Heat Pumps for Space Heating (2020)<sup>16,17</sup>**



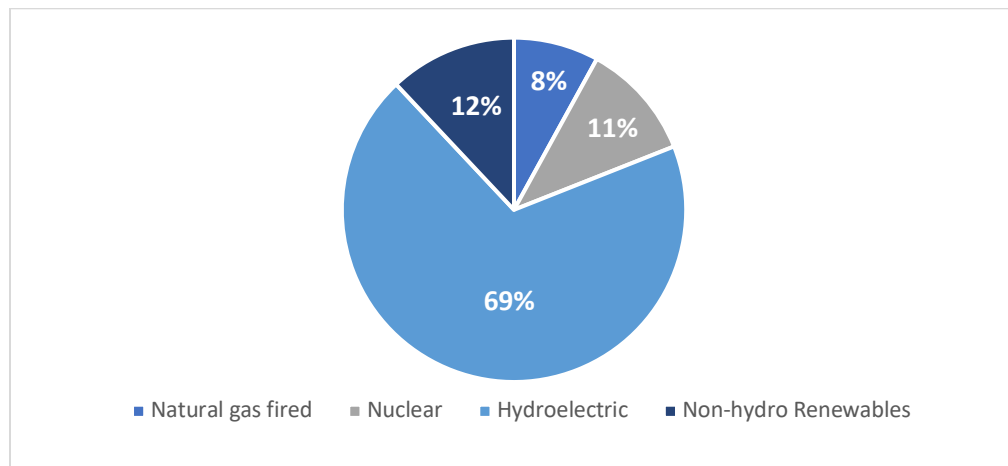
*Energy bans limit choices for consumers, without changing energy sources of the region*

<sup>14</sup> Atlas Buildings Hub – Includes central (ducted) heat pumps and mini-splits  
<sup>15</sup> Strauss, Zacharay, “Residential U.S. Heat Pump Market Update: Trends and Developments,” Buildings Hub, 18 August 2023, available at <https://atlasbuildingshub.com/2023/08/18/2020-residential-u-s-heat-pump-market-update/>  
<sup>16</sup> Atlas Buildings Hub – Includes central (ducted) heat pumps and mini-splits  
<sup>17</sup> Strauss, Zacharay, “Residential U.S. Heat Pump Market Update: Trends and Developments,” Buildings Hub, 18 August 2023, available at <https://atlasbuildingshub.com/2023/08/18/2020-residential-u-s-heat-pump-market-update/>

**KEY INFORMATION  
COLUMN**

Green-energy activism favors the virtue signaling of bans, over market-based environmentalism. The truth always plays out, bans hurt consumers and households at the lowest tiers of economic prosperity, and governments don't affect any measurable change in global temperatures.

**Washington State's Energy Profile**



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Look at the case of New York state, one of the highest energy costs in the country, the highest rates of energy poverty, and a climate-forward state. In 2021, environmental activists succeeded when they shuttered the hated and aging Indian Point nuclear reactor. Activists celebrated the win prematurely. After the closure of Indian Point, the state electricity grid became more dependent on fossil fuels, because no other source was available.<sup>19</sup> Faced with failing to meet legal obligations to renewable energy quotas, New York officials have looked at re-adopting new nuclear energy sources. The proposal has experienced significant opposition, with opponents wanting only hydro, solar, and wind<sup>20</sup>.

*Faced with failing to meet legal obligations to renewable energy quotas, New York officials have looked at re-adopting new nuclear energy sources.*

<sup>18</sup> "Washington State Profile and Energy Estimates, U.S. Energy Information Administration, available at <https://www.eia.gov/state/?sid=WA#tabs-4>

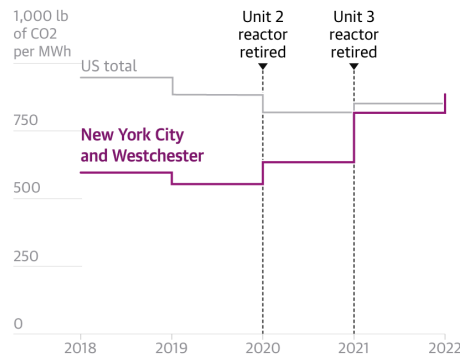
<sup>19</sup> Millman, Oliver, "A nuclear plant's closure was hailed a green win. Then emissions went up," The Guardian, 20 March 2024, available at <https://www.theguardian.com/environment/2024/mar/20/nuclear-plant-closure-carbon-emissions-new-york>

<sup>20</sup> Jefferson, Austin C., "Hochul pushes nuclear energy as state struggles to meet climate goals," City & State New York, 6 September 2024, available at <https://www.cityandstateny.com/policy/2024/09/hochul-pushes-nuclear-energy-state-struggles-meet-climate-goals/399345/?oref=csny-skybox-hp>



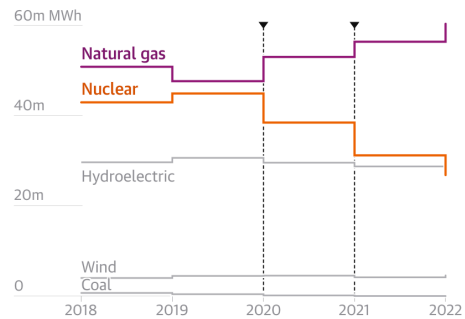
**KEY INFORMATION  
COLUMN**

**New York's CO2 emissions have soared after shutting down its Indian Point nuclear reactors**



Guardian graphic. Sources: Energy Information Administration, Energy Protection Agency. Note: Emissions are from the NYCW eGRID subregion. Electricity generation is the net-generation, utility scale.

**As nuclear power declined, natural gas expanded**



Washington has already diversified its electricity grid with one of the highest rates of renewable power in the country.<sup>21</sup> The state is unlikely to fully wean off of natural gas-fired electricity nor should it from a diversification and reliability standpoint. However, the state’s recent rules and legislation limit consumer choices, while still permitting choice for electrical providers, based on cost, supply, and weather.

*Efficiency gains do not compensate for increasing costs to consumers*

Natural gas bans argue electrification is justified because of efficiency gains. Anyone who has used a gas oven can attest through simple qualitative experience that the gas oven is more efficient. It is assumed in the restaurant business that there is a 40% loss in productivity if using an electric stove.<sup>22</sup> Even the California Energy Commission argues that a gas stove will cost less to operate and take less energy to produce and deliver heat to your stove.<sup>23</sup>

But when it comes to adopting energy-efficient heat pumps the consumer math is more nuanced. The initial purchase price of a heat pump versus a gas furnace, favors the lower-cost gas furnace. However, there is a major coefficient of performance (COP) difference. Heat pumps are engineered to generate more units of heat than they consume by moving air back and forth between outside and inside. The COP of heat pumps can be 3.0-5.0, meaning for every unit of energy consumed, the heat pump generates 3 to 5 units of energy.

Gas furnaces are quite different. The COP of a natural gas furnace is always less than 1, because of the laws of thermodynamics, averaging 0.8 to 0.95.

*The initial purchase price of a heat pump versus a gas furnace favors the lower-cost gas furnace.*

<sup>21</sup> Kirk, Karen, “Which state is winning at renewable energy production?” Yale Climate Connections, 23 February 2023, <https://yaleclimateconnections.org/2023/02/us-state-with-most-renewable-energy-production>

<sup>22</sup> Kay, Adam, “Jose Andres Isn’t the Only Chef Who Needs Natural Gas,” American Gas Association, 18 May 2023, available at <https://www.aga.org/jose-andres-isnt-the-only-chef-who-needs-natural-gas/>

<sup>23</sup> Watson, Stephanie, “Electric vs. Gas Stove: Which is Really More Efficient,” How Stuff Works, 17 November 2023, available at <https://home.howstuffworks.com/gas-vs-electric-stoves.htm>

## KEY INFORMATION COLUMN

*Though efficiency ratings will still be higher for heat pumps, the costs can quickly outpace natural gas furnaces in cold weather, leaving many consumers facing electrical bills 2-3 times higher than more moderate seasons.*

*In 2019, the city of Berkeley, California passed the first in the nation natural gas ban.*

Depending on the cost of natural gas and electricity in a region, the heat pumps high up-front costs can quickly be justified because of its lower energy consumption.

But weather is sometimes a limiting factor for heat pumps. In cold weather, COP for heat pumps will decrease. Though efficiency ratings will still be higher for heat pumps, the costs can quickly outpace natural gas furnaces in cold weather, leaving many consumers facing electrical bills 2-3 times higher than more moderate seasons. Consumers should have the freedom to choose the energy option or *options* that best fits their budgets, needs, and preferences.

Look at the case in Europe. The cold Nordic regions have the highest adoption per capita of heat pumps of any E.U. nation. The adoption was heavily subsidized during the energy crisis of the 1970s and continued to be encouraged by the government through heavy taxes on fossil fuels.<sup>24</sup> However, the recent energy crisis due to the Ukrainian invasion caused electrical bills to increase rapidly, and household budgets experienced difficulty in heating and cooling their homes.<sup>25</sup> Just across the sea, the U.K. continues to favor gas-powered furnaces because the fossil fuel costs are much lower, whereas electricity costs are extremely high.

Ability to pay is always a better determinant of adoption over efficiency gains and environmental impact. Leaving consumers free to make their energy choices, allows them to judge what will be most affordable in the long run.

### **Litigation is proving that natural gas bans are illegal in other jurisdictions**

In 2019, the city of Berkeley, California passed the first in the nation natural gas ban. Other cities and states soon followed, by passing bans and altering building codes to prohibit natural gas in new buildings. However, Berkeley's ban was short-lived, when the Ninth Circuit Court overturned the ban of natural gas in new construction in April 2023. The Ninth Circuit Court declined to rehear the case.<sup>26</sup>

The ruling used the 1975 Energy and Policy Conservation Act, which states that the federal government is the only one with authority to regulate the energy standards for appliances. In the decision, Judge Patrick J. Butmaty states:

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<sup>24</sup> Nirranjan, Ajit, "You can walk around in a T-shirt": how Norway brought heat pumps in from the cold," The Guardian, 23 November 2023, available at <https://www.theguardian.com/environment/2023/nov/23/norway-heat-pumps-cold-heating>

<sup>25</sup> Average monthly electricity wholesale price in Norway from January 2019 to July 2024, Statista, available at <https://www.statista.com/statistics/1271469/norway-monthly-wholesale-electricity-price/#:~:text=Energy%20&%20Environment%E2%80%BA,the%20course%20of%20the%20year>

<sup>26</sup> Kempe, Ysabelle, "Legal threats to city, state natural gas bans: A timeline," SmartCitiesDive, 2 January 2024, available at <https://www.smartcitiesdive.com/news/biggest-gas-ban-new-building-electrification-news-2023-timeline/702944/>

## KEY INFORMATION COLUMN

*The rest of the region of Idaho, Montana, and Wyoming have already protected consumer energy choices by prohibiting any local natural gas bans.*

“By completely prohibiting the installation of natural gas piping within newly constructed buildings, the City of Berkeley has waded into a domain preempted by Congress. the Energy Policy and Conservation Act, or EPCA, preempts state and local regulations concerning the energy use of natural gas appliances.”<sup>27</sup>

The city decided to settle with the California Restaurant Association, instead of appealing to the U.S. Supreme Court, fearing that the conservative court might expand the ruling in favor of prohibiting natural gas bans nationally. Jot Condie, President and CEO of the California Restaurant Association said,

“Climate change must be addressed, but piecemeal policies at the local level like bans on natural gas piping in new buildings or all-electric ordinances, which are preempted by federal energy laws, are not the answer. Cities must comply with the law. Rather, the ban was passed with a disregard for available cooking technologies and ultimately for small businesses in the community that rely on gas-burning equipment for their cuisines.”<sup>28</sup>

The ruling has slowed and altered the fragmented adoption of natural gas bans by cities and states. Some cities like Eugene, Oregon have reversed their previous bans in light of the ruling. Others, like Washington State have withdrawn proposed building codes that mandated electrification, resubmitting codes incentivizing heat pump adoption and other electrification.<sup>29</sup>

### Conclusion

Consumers know the most about what they like, need, and can afford. Climate ideologies turned government regulations interfere with consumer preferences, causing economic and physical harm to consumers, while rarely meeting any climate-centered goal. Natural gas bans often disguised as ‘grid electrification’ are policy directives with imagined benefits and real-world harm.

The rest of the region of Idaho, Montana, and Wyoming have already protected consumer energy choices by prohibiting any local natural gas bans. These states realize energy choices need to be diversified not just for the power companies, but for the consumers.

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<sup>27</sup> Kwok, Iris, “Berkeley can’t enforce natural gas ban, federal court rules again,” NOSH Dishing on the East Bay, 3 January 2024, available at <https://www.berkeleyside.org/2024/01/03/berkeley-gas-stove-ban-ruling>

<sup>28</sup> Jacobs, Nicole, “\*Update\* Federal Court Overturns Berkeley Natural Gas Ban,” Energy In Depth California, 26 March 2024, available at <https://www.energyindepth.org/federal-court-overturms-berkeley-natural-gas-ban/#:~:text=The%20U.S.%20Court%20of%20Appeals%20for%20the%20Ninth%20Circuit%20just.is%20preempted%20by%20federal%20law>

<sup>29</sup> Kempe, Ysabelle, “Legal threats to city, state natural gas bans: A timeline,” SmartCitiesDive, 2 January 2024, available at <https://www.smartcitiesdive.com/news/biggest-gas-ban-new-building-electrification-news-2023-timeline/702944/>

**KEY INFORMATION  
COLUMN**

Limiting energy options endangers the financial well-being of consumers and prioritizes government grandstanding over individual liberty. Natural gas bans are not good policy and should be prohibited because market drivers will encourage consumers to adopt greener and more economical energy choices while leaving them free to choose the energy that fits their needs, budgets, and priorities best.

**Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.**

# ABOUT THE AUTHOR

Madilynne Clark is a senior policy analyst at Mountain States Policy Center.

Madi holds a master's degree in Agricultural and Resource Economics from Colorado State University as well as a B.S. in Environmental Economics, Policy, and Management from Oregon State University.

She is the former Director for the Initiative on Agriculture at Washington Policy Center, one of the first free market think tanks in the nation to launch a focus on Agriculture.

Before joining WPC, she worked for Ag Association Management in Tri-Cities, Washington, working with growers and industry across Washington, Oregon, and Idaho. She also spent two years as an associate of The Context Network. Her time involved working as a business analyst on various agriculture projects in production, wholesale, retail, and policy Ag sectors. She was also a wildland firefighter for four summers.

Madi's work has been published in the Idaho Statesman, The Capital Press, Tri-City Herald, and the Spokesman-Review.

