
SUBSTITUTE SENATE BILL 5101

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Water, Energy & Environment (originally sponsored by Senators Poulsen, Morton, Fraser, Rockefeller, Pridemore, Regala, Hewitt, Kline, Kohl-Welles, Brown and Oke)

READ FIRST TIME 03/08/05.

1 AN ACT Relating to providing incentives to support renewable
2 energy; adding new sections to chapter 82.16 RCW; creating a new
3 section; providing an effective date; providing an expiration date; and
4 declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that the use of
7 renewable energy resources generated from local sources such as solar
8 and wind power benefit our state by reducing the load on the state's
9 electric energy grid, by providing nonpolluting sources of electricity
10 generation, and by the creation of jobs for local industries that
11 develop and sell renewable energy products and technologies.

12 The legislature finds that Washington state has become a national
13 and international leader in the technologies related to the solar
14 electric markets. The state can support these industries by providing
15 incentives for the purchase of locally made renewable energy products.
16 Locally made renewable technologies benefit and protect the state's
17 environment. The legislature also finds that the state's economy can
18 be enhanced through the creation of incentives to develop additional
19 renewable energy industries in the state.

1 The legislature intends to provide incentives for the greater use
2 of locally created renewable energy technologies, support and retain
3 existing local industries, and create new opportunities for renewable
4 energy industries to develop in Washington state.

5 NEW SECTION. **Sec. 2.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires otherwise.

7 (1) "Customer-generated electricity" means the alternating current
8 electricity that is generated from a renewable energy system located on
9 an individual's, businesses', or local government's real property that
10 is also provided electricity generated by a light and power business.
11 A system located on a leasehold interest does not qualify under this
12 definition. "Customer-generated electricity" does not include
13 electricity generated by a light and power business with greater than
14 one thousand megawatt hours of annual sales or a gas distribution
15 business.

16 (2) "Economic development kilowatt-hour" means the actual kilowatt-
17 hour measurement of customer-generated electricity multiplied by the
18 appropriate economic development factor.

19 (3) "Photovoltaic cell" means a device that converts light directly
20 into electricity without moving parts.

21 (4) "Renewable energy system" means a solar energy system, an
22 anaerobic digester as defined in RCW 82.08.900, or a wind generator
23 used for producing electricity.

24 (5) "Solar energy system" means any device or combination of
25 devices or elements that rely upon direct sunlight as an energy source
26 for use in the generation of electricity.

27 (6) "Solar inverter" means the device used to convert direct
28 current to alternating current in a photovoltaic cell system.

29 (7) "Solar module" means the smallest nondivisible self-contained
30 physical structure housing interconnected photovoltaic cells and
31 providing a single direct current electrical output.

32 NEW SECTION. **Sec. 3.** (1) Any individual, business, or local
33 governmental entity, not in the light and power business or in the gas
34 distribution business, may apply to the light and power business
35 serving the situs of the system, each fiscal year beginning on July 1,
36 2005, for an investment cost recovery incentive for each kilowatt-hour

1 from a customer-generated electricity renewable energy system installed
2 on its property. No incentive may be paid for kilowatt-hours generated
3 before July 1, 2005.

4 (2)(a) Before submitting the application for the incentive allowed
5 under this section, the applicant shall submit to the department of
6 revenue and to the climate and rural energy development center at the
7 Washington State University, established under RCW 28B.30.642, a
8 certification in a form and manner prescribed by the department that
9 includes, but is not limited to, the following information:

10 (i) The name and address of the applicant and location of the
11 renewable energy system;

12 (ii) The applicant's tax registration number;

13 (iii) That the electricity produced by the applicant meets the
14 definition of "customer-generated electricity" and that the renewable
15 energy system produces electricity with:

16 (A) Any solar inverters and solar modules manufactured in
17 Washington state;

18 (B) A wind generator powered by blades manufactured in Washington
19 state;

20 (C) A solar inverter manufactured in Washington state;

21 (D) A solar module manufactured in Washington state; or

22 (E) Solar or wind equipment manufactured outside of Washington
23 state;

24 (iv) That the electricity can be transformed or transmitted for
25 entry into or operation in parallel with electricity transmission and
26 distribution systems;

27 (v) The date that the renewable energy system received its final
28 electrical permit from the applicable local jurisdiction.

29 (b) Within thirty days of receipt of the certification the
30 department of revenue shall advise the applicant in writing whether the
31 renewable energy system qualifies for an incentive under this section.
32 The department may consult with the climate and rural energy
33 development center to determine eligibility for the incentive. System
34 certifications and the information contained therein are subject to
35 disclosure under RCW 82.32.330(3)(m).

36 (3)(a) By August 1st of each year application for the incentive
37 shall be made to the light and power business serving the situs of the

1 system by certification in a form and manner prescribed by the
2 department that includes, but is not limited to, the following
3 information:

4 (i) The name and address of the applicant and location of the
5 renewable energy system;

6 (ii) The applicant's tax registration number;

7 (iii) The date of the letter from the department of revenue stating
8 that the renewable energy system is eligible for the incentives under
9 this section;

10 (iv) A statement of the amount of kilowatt-hours generated by the
11 renewable energy system in the prior fiscal year.

12 (b) Within sixty days of receipt of the incentive certification the
13 light and power business serving the situs of the system shall notify
14 the applicant in writing whether the incentive payment will be
15 authorized or denied. The business may consult with the climate and
16 rural energy development center to determine eligibility for the
17 incentive payment. Incentive certifications and the information
18 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

19 (c)(i) Persons receiving incentive payments shall keep and
20 preserve, for a period of five years, suitable records as may be
21 necessary to determine the amount of incentive applied for and
22 received. Such records shall be open for examination at any time upon
23 notice by the light and power business that made the payment or by the
24 department. If upon examination of any records or from other
25 information obtained by the business or department it appears that an
26 incentive has been paid in an amount that exceeds the correct amount of
27 incentive payable, the business may assess against the person for the
28 amount found to have been paid in excess of the correct amount of
29 incentive payable and shall add thereto interest on the amount.

30 (ii) If it appears that the amount of incentive paid is less than
31 the correct amount of incentive payable the business may authorize
32 additional payment.

33 (4) The investment cost recovery incentive may be paid fifteen
34 cents per economic development kilowatt-hour unless requests exceed the
35 amount authorized for credit to the participating light and power
36 business. For the purposes of this section, the rate paid for the
37 investment cost recovery incentive may be multiplied by the following
38 factors:

1 (a) For customer-generated electricity produced using solar modules
2 manufactured in Washington state, two and four-tenths;

3 (b) For customer-generated electricity produced using a solar or a
4 wind generator equipped with an inverter manufactured in Washington
5 state, one and two-tenths;

6 (c) For customer-generated electricity produced using an anaerobic
7 digester, or by other solar equipment or using a wind generator
8 equipped with blades manufactured in Washington state, one; and

9 (d) For all other customer-generated electricity produced by wind,
10 eight-tenths.

11 (5) No individual, household, business, or local governmental
12 entity is eligible for incentives for more than two thousand dollars
13 per year.

14 (6) If requests for the investment cost recovery incentive exceed
15 the amount of funds available for credit to the participating light and
16 power business, the incentive payments shall be reduced
17 proportionately.

18 (7) The climate and rural energy development center at Washington
19 State University energy program may establish guidelines and standards
20 for technologies that are identified as Washington manufactured and
21 therefore most beneficial to the state's environment.

22 (8) The environmental attributes of the renewable energy system
23 belong to the applicant, and do not transfer to the state or the light
24 and power business upon receipt of the investment cost recovery
25 incentive.

26 NEW SECTION. **Sec. 4.** (1) A light and power business shall be
27 allowed a credit against taxes due under this chapter in an amount
28 equal to investment cost recovery incentive payments made in any fiscal
29 year under section 3 of this act. The credit shall be taken in a form
30 and manner as required by the department. The credit under this
31 section shall not exceed twenty-five one-hundredths of the businesses'
32 taxable power sales due under RCW 82.16.020(1)(b) or twenty-five
33 thousand dollars, whichever is greater. The credit may not exceed the
34 tax that would otherwise be due under this chapter. Refunds shall not
35 be granted in the place of credits. Expenditures not used to earn a
36 credit in one fiscal year may not be used to earn a credit in
37 subsequent years.

1 (2) The right to earn tax credits under this section expires June
2 30, 2015.

3 NEW SECTION. **Sec. 5.** Sections 2 through 4 of this act are each
4 added to chapter 82.16 RCW.

5 NEW SECTION. **Sec. 6.** This act expires July 1, 2015.

6 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
7 preservation of the public peace, health, or safety, or support of the
8 state government and its existing public institutions, and takes effect
9 July 1, 2005.

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