

# SENATE BILL REPORT

## SB 6658

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As of January 25, 2010

**Title:** An act relating to modifying community solar project provisions for investment cost recovery incentives.

**Brief Description:** Modifying community solar project provisions for investment cost recovery incentives.

**Sponsors:** Senators Rockefeller, Morton and Pridemore.

**Brief History:**

**Committee Activity:** Environment, Water & Energy: 1/22/10.

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** William Bridges (786-7416)

**Background:** Cost-Recovery Incentive Program for Renewable Energy Systems. In 2005 the Legislature created a cost-recovery incentive program to promote renewable energy systems that produce electricity from solar, wind, or anaerobic digesters. An individual, business, or local government purchasing an eligible system can apply for an incentive payment from the electric utility serving the applicant. The incentive provides at least 15 cents for each kilowatt-hour (kWh) of energy produced, with extra incentives for solar generating systems that use components manufactured in Washington. Payments are capped at \$2,000 annually per applicant.

In 2009 the Legislature expanded the program to include, among other things, community solar projects, which are either: (1) a solar energy system owned by local individuals, households, or nonutility businesses that is placed on the property owned by their cooperating local governmental entity; or (2) a utility-owned solar energy system that is voluntarily funded by the utility's ratepayers where, in exchange for their financial support, the utility gives contributors a payment or credit on their utility bill for the value of the electricity produced by the project. Community solar projects are eligible for incentives of 30 cents for each kWh of energy produced. Each applicant in a community solar project is eligible for annual incentives up to \$5,000 per year.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

During the rulemaking to implement the new community solar provisions, the Department of Revenue concluded that community solar projects established by limited liability companies (LLCs) could not receive more than one incentive payment.

**Summary of Bill:** Capping the eligibility of community solar projects. Only community solar projects with a maximum instantaneous output of 2 megawatts (MW) of electricity or less are eligible to receive incentives under the cost-recovery incentive program.

Allowing participants in community solar projects owned by LLCs to receive incentive payments. An LLC owning a community solar project may submit one incentive application on behalf of each member of the company. Each member of the LLC is eligible for an incentive payment up to \$5,000 per year.

Technical changes are made.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Recognition of LLCs will allow investors to take full advantage of federal renewable energy incentives. PSE supports the bill and will submit language for streamlining administration of the program. Allowing LLCs to participate in community solar system will lead to wider deployment of solar energy with long-term benefits for the economy and the environment.

Plain language should be used in the bill or else the community solar provisions could be misinterpreted. Cooperatives should be allowed to participate in community solar projects. Community solar allows the disenfranchised segment of society a chance to put their money where their values are and use the state's progressive solar incentives. Clarifications are suggested to the MW cap. Other corporate forms should be recognized and a limitation to Washington residents should be added. The current provision requiring that incentive payments be proportionally reduced if requests exceed the fund should be removed.

OTHER: Clarifications are needed for the requirements concerning utility-owned community solar projects.

**Persons Testifying:** PRO: Aron Campbell, Campbell Energy & Zohm Energy; Joe Deets, Community Energy Solutions; Denny Eliason, PSE; Jason Keyes, Solar Washington.

OTHER: Kathleen Collins, PacifiCorp; Collins Sprague, Avista.

**Signed In, Unable to Testify & Submitted Written Testimony:** PRO: Chris Herman, Winter Sun Design; Stanley Florek, Tangerine Solar; Trevor Tregellas, Daylight Investments; Michael Williams, Zohm Energy.