FINAL BILL REPORT
ESSB 6658

C 202 L 10
Synopsis as Enacted

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

Sponsors: Senate Committee on Environment, Water & Energy (originally sponsored by Senators Rockefeller, Morton and Pridemore).

Senate Committee on Environment, Water & Energy
House Committee on Technology, Energy & Communications

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.

A utility providing incentive payments is allowed a credit against its public utility tax for incentives paid, limited to $100,000 or 1 percent of the utility's taxable power sales, whichever is greater. Incentive payments to participants in a utility-owned community solar project may only account for up to 25 percent of the total allowable credit.

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.

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.

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.

Summary: Capping the Eligibility of Community Solar Projects. Only community solar projects capable of generating up to 75 kilowatts (kW) of electricity may receive cost-recovery incentive payments.

Allowing LLCs, Cooperatives, and Mutual Corporations to Own Community Solar Projects. LLCs, mutual corporations, and cooperatives, which are not electric utilities may own community solar projects. Such projects are called company-owned projects. A company-owned community solar project must be installed on the property of a cooperating local governmental entity that is not an electric or natural gas utility.

Requiring Renewable Energy Cost-Recovery Systems to be Located in Washington. All renewable energy systems participating in the cost recovery incentive program must be located in Washington.

Requiring Owners of Community Solar Projects to Delegate One Owner as a Single Point of Contact. Owners of a community solar project that are not company-owned must appoint one owner as an administrator who is responsible for applying and receiving cost recovery incentive payments on behalf of the other owners. In the case of company-owned community solar projects, the company must apply for the incentive payments on behalf of each member of the company.

Allowing Participants in Company-Owned Community Solar Projects to Receive Incentive Payments. Each member of a company-owned community solar project is eligible for an incentive payment in proportion to each ownership share, up to $5,000 per year.

Requiring Owners of Community Solar Projects to Keep Records. Community solar project administrators and companies receiving incentive payments must keep and preserve, for a period of five years, suitable records as may be necessary to determine the amount of incentive applied for and received.

Reducing the Public Utility Tax Credit for Incentive Payments. A utility providing cost-recovery incentive payments is allowed a credit against its public utility tax for incentives paid, limited to $100,000 or 0.5 percent of the utility's taxable power sales, whichever is greater.

Limiting Incentive Payments to Company-Owned Community Solar Projects. Incentive payments to participants in a company-owned community solar project may only account for up to 5 percent of the total allowable credit.

Requiring a Report from the Department of Revenue. By December 1, 2014, the Department of Revenue must measure and report various impacts of the cost-recovery program, including any change in number of solar energy manufacturing companies in the state. The report must be submitted to the appropriate committees of the Legislature.

Creating Hold-Harmless Provisions Protecting Utilities. The owners of community solar projects, which are not utility-owned, must hold harmless the utility and its employees for their good faith reliance on the information in a cost recovery application or certification. In addition, the utility and its employees are immune from civil liability for their good faith reliance on the information contained in such documents.

Votes on Final Passage:

Senate	48	0	
House	96	1	(House amended)
Senate	46	0	(Senate concurred)

Effective: June 10, 2010