

SENATE BILL REPORT

SB 6253

As of January 25, 2016

Title: An act relating to public utility districts owning community solar projects within or without district boundaries.

Brief Description: Allowing public utility districts to own community solar projects within or without district boundaries.

Sponsors: Senators Sheldon, Rolfes, Rivers, Takko, Roach, Becker, Bailey, Miloscia, Warnick, Hargrove, Hobbs and Hewitt.

Brief History:

Committee Activity: Energy, Environment & Telecommunications: 1/21/16.

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Staff: Kimberly Cushing (786-7421)

Background: Public Utility Districts (PUDs). Formed in 1931 by Initiative 1, PUDs are municipal corporations authorized to provide electricity, water and sewer services, and wholesale telecommunications. There are 28 operating PUDs in Washington. PUDs are not generally subject to the jurisdiction of the Utilities and Transportation Commission (UTC).

Joint Operating Agencies (JOA). JOAs are formed by cities and PUDs that join together to develop electricity generation projects. The only JOA currently operating in the state is Energy Northwest, which operates and maintains the state's only nuclear powered electrical generation facility. Energy Northwest is comprised of 22 PUDs and five municipal utilities.

Community Solar Projects. In 2009, the Legislature expanded the Renewable Energy Cost-Recovery Program (Cost-Recovery Program) to include community solar projects that are generally owned by multiple individuals, utilities, or companies. Under the Cost-Recovery Program, the projects are eligible to receive incentives of \$0.30 for each kilowatt-hour (kWh) of electricity produced but they may not have a generating capacity greater than 75 kWh.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Any utility is authorized to organize, administer, and own a community solar project. A utility-owned solar energy system must be voluntarily

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funded by its 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. The solar energy system may be located on property owned by an individual, business, nonprofit organization, or local government entity in Washington, either inside or outside the utility service territory, provided it is with the consent of the local utility and subject to local government regulations.

PUDs and JOAs may enter into agreements to construct and own joint community solar projects in order to maximize direct sunlight as an energy source through the appropriate siting of solar energy systems.

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: A PUD in Mason County enacted a community solar program that is very successful. If a community solar project could be constructed on the other side of state, it could be more efficient. Generally, there is 40 percent more solar on the eastside than westside of the state. This idea is important and timely as we are looking at extending solar incentives. We want all utilities to be able to offer a solar product. Possible amendments include using outside geographic areas instead of “service territory” and ensuring the consent of the host utility, governed by local access. PUDs are obligated to provide interconnection under federal law.

OTHER: Community solar is useful for customers who can’t afford to put their own panel on their roof. Community solar gains some economies of scale and can be located where it maximizes benefits of the resource. The bill creates something different than conventional community solar and is a creative idea. However, the power is not likely to be stepped up and sent back to the local utility. It will be consumed on the host utility’s premises and may result in an exchange of money. The term “service territory” is a problem, because Washington doesn’t have them. Whenever a power is placed on someone else’s distribution line, we need the consent of the host. The utility with the project must be responsible for paying system upgrades and wheeling costs to the host.

Persons Testifying: PRO: Senator Sheldon, prime sponsor; Dave Warren, WA PUD Association; Nancy Atwood, Puget Sound Energy.

OTHER: John Rothlin, Avista; Kathleen Collins, PacifiCorp.

Persons Signed In To Testify But Not Testifying: No one.