

HOUSE BILL REPORT

HB 2248

As Reported by House Committee On:
Environment & Energy
Appropriations

Title: An act relating to expanding equitable access to the benefits of renewable energy through community solar projects.

Brief Description: Expanding equitable access to the benefits of renewable energy through community solar projects.

Sponsors: Representatives Doglio, DeBolt, Fey, Lekanoff, Fitzgibbon, Shewmake, Leavitt, Ramel, Ryu, Tarleton, Appleton, Ramos, Slatter, Ormsby, Macri, Wylie, Kloba, Goodman, Peterson, Hudgins, Pollet and Tharinger.

Brief History:

Committee Activity:

Environment & Energy: 1/16/20, 2/4/20 [DPS, DNP];
Appropriations: 2/10/20, 2/11/20 [DPS(ENVI), DNP].

Brief Summary of First Substitute Bill

- Terminates the application period for the Renewable Energy Production Incentive Program (Production Incentive Program) June 30, 2020, rather than June 30, 2021.
- Authorizes, beginning July 1, 2020, and through June 30, 2026, an administrator of an eligible community solar project to apply to the Washington State University Extension Energy Program for certification of eligibility to receive a one-time energy burden reduction incentive payment from a participating electric utility on behalf of, and for the purpose of providing direct benefits to, the project's qualifying subscribers (the Community Solar Expansion Program).
- Creates a new Public Utility Tax credit in an amount equal to the energy burden reduction incentive payments paid by an electric utility under the Community Solar Expansion Program.
- Establishes new community solar project eligibility requirements under the Community Solar Expansion Program.
- Amends the incentive rates for renewable energy systems certified under

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the Production Incentive Program.

- Caps total incentive payments allowed for community solar projects certified under the Community Solar Expansion Program at \$20 million.

HOUSE COMMITTEE ON ENVIRONMENT & ENERGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Fitzgibbon, Chair; Lekanoff, Vice Chair; DeBolt, Ranking Minority Member; Doglio, Fey, Mead, Robinson and Shewmake.

Minority Report: Do not pass. Signed by 3 members: Representatives Dye, Assistant Ranking Minority Member; Boehnke and Goehner.

Staff: Nikkole Hughes (786-7156) and Nikkole Hughes (786-7156)

Background: Renewable Energy Production Incentive Program. In 2005, the Renewable Energy Cost Recovery Incentive Payment Program (Legacy Program) was created to allow an individual, business, or local government that owns an eligible renewable energy system to apply to its electric utility for an investment cost recovery incentive payment for each kilowatt-hour (kWh) of electricity produced by the system. In 2009, the Legacy Program was expanded to include community solar projects. In 2017, Engrossed Substitute Senate Bill 5939 (C 36 L 17) directed the Washington State University Extension Energy Program (WSU Energy Program) to launch and administer a new program known as the Renewable Energy Production Incentive Program (Production Incentive Program).

The Legacy Program closed to new customer participants after September 30, 2017. A customer who entered the program by this date was required to apply to the WSU Energy Program by April 30, 2018, in order to continue to receive their incentive payment allowed under the Legacy Program for electricity generated by a renewable energy system through June 30, 2020.

Beginning July 1, 2017, under the Production Incentive Program, a person who owns a renewable energy system, an administrator of a community solar project, a utility, or a business under contract with a utility that administers a shared commercial project, may apply to the WSU Energy Program for certification establishing the applicant's eligibility to receive an annual production incentive payment for each kWh of alternating current electricity generated by the system.

Under the Production Incentive Program, the WSU Energy Program is directed to cease issuing new certifications for any renewable energy system if certification is likely to result in total incentive payments made under the Program exceeding \$110 million. Although the application period under the Production Incentive Program extends to June 30, 2021, because of the \$110 million statewide incentive payment cap, the WSU Energy Program does not intend to review any applications for certification received after June 14, 2019.

Fiscal year of system certification	Base rate - residential-scale	Base rate - commercial - scale	Base rate - community solar	Base rate - shared commercial	Made-in-Washington bonus rate
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				solar	
2018	\$0.16	\$0.06	\$0.16	\$0.06	\$0.05
2019	\$0.14	\$0.04	\$0.14	\$0.04	\$0.04
2020	\$0.12	\$0.02	\$0.12	\$0.02	\$0.03
2021	\$0.10	\$0.02	\$0.10	\$0.02	\$0.02

Summary of Bill (First Substitute):

Renewable Energy Production Incentive Program.

The application period for the Renewable Energy Production Incentive Program (Production Incentive Program) terminates June 30, 2020, rather than June 30, 2021.

If a community solar project application is in precertification status under the Production Incentive Program as of June 30, 2020, the project applicant must continue in that status until either it is certified by the WSU Energy Program or its precertification expires.

Community solar projects that are under precertification status under the Production Incentive Program as of June 30, 2020, may not apply for precertification for that same project under the Community Solar Expansion Program that begins July 1, 2020

Substitute Bill Compared to Original Bill

The substitute bill:

- removes the provisions establishing community solar meter aggregation; restructures the Community Solar Expansion Program as an entirely new program separate from the Renewable Energy Production Incentive Program (Production Incentive Program);
- authorizes, beginning July 1, 2020, and through June 30, 2026, an administrator of an eligible community solar project to apply to the Washington State University Extension Energy Program for certification of eligibility to receive a one-time energy burden reduction incentive payment from a participating electric utility, on behalf of and for the purpose of providing direct benefits to the project's qualifying subscribers;
- adds a definition for "qualifying subscriber" to mean a low-income subscriber, low-income service provider subscriber, tribal agency subscriber, or public agency subscriber;
- specifies that a one-time energy burden reduction incentive payment remitted to a community solar project administrator for a certified project equals the sum of the following: (a) an amount, not to exceed \$20,000, equal to the community solar project's administrative costs related to administering the project for qualifying subscribers; and (b) an amount equal to 100 percent of the proportional cost of the share of the community solar project that provides direct benefits to qualifying subscribers.
- establishes biennial statewide caps of \$5 million per biennium beginning July 1, 2021;
- amends the community solar project eligibility requirements and the definition of "community solar project" under the Community Solar Expansion Program; and
- adds expiration dates for sections of current law pertaining to the Renewable Energy Cost Recovery Incentive Payment Program and the Production Incentive Program.

Appropriation: None.

Fiscal Note: Requested on January 7, 2020.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) Community solar is not new to this body or to this state. There have been a number of very successful community solar projects across Washington. Community solar allows people who do not have access to rooftop solar to participate in the clean energy transition by subscribing to a large, off-site project. This bill makes an effort to include low to-moderate-income customers and allow them to reduce their electricity bills. The intent of this bill is to hold utilities harmless in allowing community solar meter aggregation by making project administrators responsible for the cost of utility billing upgrades, rather than the utilities themselves.

(Opposed) This bill makes changes to the net metering statute, which the Legislature just amended in 2019. This bill would essentially enable virtual net metering. This bill would allow any community solar administrator to participate in meter aggregation, rather than just those community solar administrators that qualify from the Community Solar Expansion Program. This bill would allow the insertion of a third party in the relationship between rural electric cooperatives and their customer-owners.

(Other) There are concerns about how the income levels and nonprofit organizations are defined in this bill. The definition of "low-to-moderate income" used in the bill is not used elsewhere in statute. The definition of low-to-moderate income service provider is too limited. A technical assistance position should be created to help community groups navigate community solar programs. This bill would not be the most cost-effective approach for the state to achieve its greenhouse gas reduction goals. This bill is inefficient and ineffective from an environmental standpoint. This bill would dilute the focus of the Washington Clean Energy Transformation Act on low-income customers.

Persons Testifying: (In support) Representative Beth Doglio, Prime Sponsor; Brad Boswell, Solar Installers of Washington; Dave Warren, Olympia Community Solar; Mason Rolph, Olympia Community Solar; Sheila Riggs, WSU Energy Program; Todd Currier, WSU Energy Program; Phyllis Farrell, League of Women Voters.

(Opposed) Kent Lopez, Washington Rural Electric Cooperative Association; Laura Wilkeson, Puget Sound Energy ; John Rothlin, Avista; Kathleen Collins, PacifiCorp; Nicolas Garcia, WPUA; Marian Dacca, Tacoma Public Utilities.

(Other) Todd Myers, Washington Policy Center; Sarah Vorpahl, Department of Commerce; Clark McIsaac, Snohomish PUD; David Mendoza, Front & Centered.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill by Committee on Environment & Energy be substituted therefor and the substitute bill do pass. Signed by 22 members: Representatives

Ormsby, Chair; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Rude, Assistant Ranking Minority Member; Chopp, Cody, Dolan, Fitzgibbon, Hansen, Hudgins, Kilduff, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Senn, Springer, Steele, Sullivan, Tarleton and Tharinger.

Minority Report: Do not pass. Signed by 10 members: Representatives Stokesbary, Ranking Minority Member; Caldier, Chandler, Corry, Dye, Hoff, Kraft, Schmick, Sutherland and Ybarra.

Staff: Kate Henry (786-7349), Kate Henry (786-7349), and Kate Henry (786-7349)

Substitute Bill Compared to Original Bill

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Environment & Energy:

Appropriation:

Fiscal Note:

Effective Date:

Staff Summary of Public Testimony:

(In support) The bill provides access to solar projects for low-income households who have previously been excluded from the programs. Prior concerns have been addressed regarding not having additional obligations placed on the current system due to these changes. Attention should be paid to making the incentives serve the largest number of low-income customers as possible. Solar energy can help mitigate climate change, and this bill can begin to implement those changes for more people.

(Opposed) None.

(Other) The policy is going in the right direction, but some details need to be addressed. Twenty million dollars in incentives specifically focused on low-income residents will decrease the barrier to entry. The focus on deploying money at the beginning of projects will assist in developers capitalizing on the incentive. Since there is a limit on the amount of funds to be allocated, additional attention should be paid to make sure projects are reasonably priced to maximize access.

Persons Testifying: (In support) Dave Warren, Olympia Community Solar; Silfab Solar, Inc; John Rothlin, Avista; Stella Gitchos, Liberty Bell High School Youth Climate Action Group.

(Other) Laura Wilkeson, Puget Sound Energy ; Kathleen Collins, PacifiCorp.

Persons Signed In To Testify But Not Testifying: None.