

# SENATE BILL REPORT

## SB 6223

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As of February 3, 2020

**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:** Senators Lovelett, McCoy, Das, Frockt, Salomon, Wilson, C. and Liias.

**Brief History:**

**Committee Activity:** Environment, Energy & Technology: 1/22/20.

### Brief Summary of Bill

- Terminates the application period for the Renewable Energy Production Incentive Program on June 30, 2020, rather than June 30, 2021.
- Establishes a new Community Solar Incentive Program beginning July 1, 2020, through June 30, 2026.
- Caps total incentive payments allowed for community solar projects certified under the new community solar incentive program at \$20 million.
- Requires an electric utility to provide meter aggregation for subscribers of a community solar project if requested by the project administrator.

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### SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

**Staff:** Kimberly Cushing (786-7421)

**Background:** Renewable Energy Incentive Programs. In 2005, the Legislature created a Renewable Energy Cost-Recovery Incentive Program (Legacy Program) to promote renewable energy systems located in Washington that produce electricity from solar, wind, or anaerobic digesters. In 2009, the Legacy Program was expanded to include community solar projects.

In 2017, the Legislature closed the Legacy Program and established the Renewable Energy Production Incentive Program (Production Incentive Program). Beginning July 1, 2017, a

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person who owns a renewable energy system, an administrator of a community solar project, or a utility or business under contract with a utility administering a shared commercial solar project, may apply to the Washington State University Energy Program for certification establishing the person's eligibility to receive annual production incentive payments from their utility.

An electric utility providing incentive payments is allowed a credit against its public utility tax (PUT) for incentives paid. A utility may claim an annual credit of up to 1.5 percent of its taxable power sales generated in calendar year 2014 or \$250,000, whichever is greater.

A program term lasts for eight years, or until the cumulative incentive payments for electricity produced reach 50 percent of the total system price for all renewable energy systems, whichever comes first. WSU Energy Program must cease issuing certifications when the total incentive payments are likely to exceed \$110 million, which occurred on June 14, 2019.

Community Solar Projects. In 2017, the Legislature authorized community solar projects to be up to 1000 kilowatts (kW) in size with at least ten participants, or one participant for every 10 kW, all of whom must be customers of the utility providing service at the project's location. A utility or nonprofit must administer the project in a transparent manner.

Meter Aggregation Under Net Metering. Net metering allows electricity customers to offset their consumption of purchased electricity with electricity generated by their own small-scale, renewable systems. Net-metered electricity is valued at the utility's retail rate. Under current law, a net-metering system must be located on a customer's premises and must generate no more than 100 kilowatts (kW) using cogeneration, fuel cells, water, wind, solar energy, or biogas.

Under the state's net metering law, a customer-generator may aggregate a designated meter with one additional aggregated meter located on the same parcel as the designated meter or a parcel that is contiguous with the parcel on which the designated meter is located. A retail electric customer who is a customer-generator and receives retail electric service from a utility at an aggregated meter must also be the customer who receives service at the designated meter where the net metering system is located.

An electric utility may allow aggregation under different terms if a customer-generator has an existing arrangement for meter aggregation in effect or the customer-generator submits a written request for aggregation on or before July 1, 2019.

Clean Energy Transformation Act. In 2019, the Legislature passed the Clean Energy Transformation Act (CETA), which requires Washington's electric utilities to meet 100 percent of their retail electric load using non-emitting and renewable resources by January 1, 2045. CETA requires electric utilities to make funding available for low-income bill assistance by July 31, 2021. Beginning July 31, 2020, the Department of Commerce must collect and aggregate data estimating energy burden and energy assistance need and reported energy assistance need for each utility, and update the specified aggregated data biennially.

"Energy assistance" means a program undertaken by a utility to reduce the household energy burden of its customers. "Energy burden" means the share of annual household income used to pay annual home energy bills.

**Summary of Bill:** Renewable Energy Production Incentive Program. The application period for the 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: (1) must continue in that status until either it is certified by the WSU Energy Program or its precertification expires, and (2) may not apply for precertification for that same project under the new community solar incentive program that begins July 1, 2020.

Community Solar Incentive Program. Beginning July 1, 2020, through June 30, 2026, a new Community Solar Incentive Program is established. An eligible administrator of a community solar project may submit a one-time application to the WSU Energy Program to receive precertification for a project. After precertification is approved, the administrator has two years to complete the community solar project and apply for certification. Once the WSU Energy Program certifies a community solar project, the utility serving the situs of a community solar project may remit an annual production incentive for each kilowatt-hour (kWh) of electricity generated by the project for the length of its program term.

The program term for eligible community solar projects is eight years or until cumulative incentive payments for electricity produced by the project reach:

- 100 percent of the project cost, prorated in proportion to subscriptions of low-to-moderate income (LMI) households and LMI service providers; and
- no greater than 50 percent of the prorated project cost of all other subscribers.

"Low-to-moderate income household" is defined as a single person, family, or unrelated persons living together whose income is at or below 115 percent of the median income where the household is located. A "low-to-moderate income service provider" is an organization whose primary purpose is to provide services to LMI households, including a local community action or service agency, local housing authority, tribal housing authority, affordable housing provider, or food bank. An LMI service provider cannot be both a subscriber to and the administrator of a given project.

Community Solar Project Eligibility Requirements. In order to receive an incentive payment, a community solar project must meet the following requirements:

- the administrator of the project must apply for precertification on or after July 1, 2020;
- the community solar project must have a direct current nameplate capacity that is no greater than 1,000 kW;
- no single subscriber may subscribe to more than 40 percent of the nameplate capacity of the project;
- at least 40 percent of the project's nameplate capacity must be subscribed to by any combination of LMI household subscribers and LMI service providers;
- the income status of the LMI household subscribers must be verified to the administrator by an LMI service provider;

- at least 40 percent of the nameplate capacity of the project must be subscribed to by subscribers with a subscription 20 kW or less; and
- except for community solar projects administered in cooperation with a joint operating agency, each participant must be a customer of the utility providing service at the site of the community solar project.

A utility administrator of a community solar project applying for and receiving precertification and certification under the community solar incentive program may provide energy assistance and investments to reduce the energy burden for LMI households and LMI service providers by offsetting the proportional administration and subscription costs for those entities, and may separately account for those costs.

Incentive Rates. The WSU Energy Program must determine the total incentive rate for renewable energy systems, other than a community solar project, certified through June 30, 2020, and for community solar projects under precertification status as of June 30, 2020, and certified through June 30, 2021, as follows:

Fiscal year of system certification	Base rate residential scale	Base rate–commercial scale	Base rate–community solar	Base rate–shared commercial solar	Made-in-Washington bonus rate
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	
2021			\$0.10		

The made-in-Washington bonus rate is no longer provided for a renewable energy system or community solar project certified after June 30, 2019.

For community solar projects certified under the community solar incentive program, the base incentive payment rate for eligible community solar projects is \$0.10 per kWh with an additional \$0.10 per kWh for LMI subscribers. The total incentives paid to all participating community solar projects may not exceed \$20 million.

Public Utility Tax Credits. Under the community solar incentive program, a participating electric utility may claim an additional credit against its public utility tax obligation each fiscal year the greater of 0.25 percent of its 2014 taxable power or \$50,000, for incentive payments made to qualifying community solar projects.

The right for participating utilities to earn credits expires June 30, 2034, and no credit may be claimed after June 30, 2035.

Administration. The WSU Energy Program may collect a one-time \$500 application fee per applicant for the Community Solar Incentive Program.

Community Solar Meter Aggregation under Net Metering. An electric utility must provide meter aggregation for subscribers of a community solar project if requested by the project administrator.

If a production meter, software, or billing system enhancement is required by the electric utility in order to provide community solar meter aggregation, the electric utility may require the administrator to purchase the production meter and software or pay for the cost of any required billing system enhancement. An electric utility may choose to pay these costs and separately account for any expenditures that provide energy assistance to, or reduce the energy burden of, low-income households or low-income service providers. The utility is not prohibited from applying these expenses toward compliance with CETA.

In order to participate in community solar meter aggregation, the proportional subscription of a single subscriber plus any other net metering system owned by that subscriber must not exceed the lesser of (1) an electrical generating AC capacity of 100 kW, or (2) the average annual electric usage of the subscriber's premises.

Credits for kWh generated by a community solar project during the applicable billing period must be used to proportionally offset electricity supplied by the electric utility at the location of a subscriber's designated community solar subscriber meter. Credits for excess kWh generated by a community solar project must be credited by the utility for kWh charges due at a subscriber's designated community solar subscriber meter at the applicable rate of that meter.

"Designated community solar subscriber meter" means an electric service meter that measures electrical service to the premises of a subscriber in a community solar project, and is identified by an administrator of a community solar project to the electric utility as participating in meter aggregation at a community solar project.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: This bill provides opportunities to buy into cooperative solar if you have trees on your own property. We need to take any steps we can to include low-income people into new green energy economy and make profound changes for the climate. The bill is designed to expand access and benefits of solar energy to anyone who can not access net metering. The bill prescribes a method for providing revenues back to subscribers. Traditional net metered solar does not enable renters, individuals with shaded roofs, or multi-family housing to share in the benefits of solar. By allowing offsite community solar, this bill would open the solar market to people not served under current law. CETA requires utilities to reduce the energy burden of households. Low-income subscribers need the net metering to receive benefits, because they cannot subscribe up front. We are discussing power sales for less than retail but more than wholesale. Make counties

and municipalities be part of community solar in order to participate and help all community members. We recognize concerns around meter aggregation that was a key component to lift the net metering cap last session. The WSU Energy Program has the expertise to contribute to the effort and is working on minor modifications.

CON: Utilities have community solar projects administered by third parties and are working to develop more. Utilities offer voluntary green choice programs. While we are supportive of the bill's intent, we oppose meter aggregation, which is virtual net metering. We are not opposed to state incentives. We want expanded access to low-income solar, but this bill does remove barriers to access solar. The model is administratively complex and shifts costs onto other customers. Instead the bill should allow for expanding partnerships and simplified administration. This bill makes changes to the net metering statute, which was carefully negotiated last year. Use the community solar model that exists and is not under the net metering program. The goal should be to ensure state tax monies are used to serve low income. This bill expands net metering to any group that chooses to aggregate meters. Net metering law requires utilities to pay at retail rate and that overcompensates for the value of power utilities are getting back.

OTHER: We want greater and more equitable access. Remove the CETA reference in section 1 because the provision will dilute the focus on low-income customers. We support the intent of the bill, but are concerned about meter aggregation requirements, which could be time consuming and costly. Different models are needed for different corners of the state.

**Persons Testifying:** PRO: Senator Liz Lovelett, Prime Sponsor; Matt Booth, Olympia Community Solar; Dave Warren, SilFab Solar; Rick Hughes, San Juan County; Courtney Blatz, Solar Installers of Washington; Todd Currier, WSU Energy Program.

CON: Nicolas Garcia, Washington Public Utility Districts Association; Laura Wilkeson, Puget Sound Energy; Marian Dacca, Tacoma Public Utilities; John Rothlin, Avista; Kathleen Collins, PacifiCorp.

OTHER: Sarah Vorpahl, Washington State Department of Commerce; Clark McIsaac, Snohomish County PUD.

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