
**Consumer Protection & Business
Committee**

HB 2156

Brief Description: Providing solar consumer protections.

Sponsors: Representatives Reeves, Doglio and Pollet; by request of Department of Commerce.

Brief Summary of Bill

- Requires a person to be licensed as an electrical contractor to sell or install solar energy systems that cost more than \$1,000.
- Requires a person selling or installing solar energy systems that cost more than \$1,000 to have a solar energy installation contract with the customer.
- Provides for various provisions, notices, and disclosures that must be included in the installation contract.
- Provides for enforcement under the Consumer Protection Act.

Hearing Date: 1/16/24

Staff: Megan Mulvihill (786-7304).

Background:

Electrical Contractor License.

An electrical contractor license is required to engage in the business of installing or maintaining wires or equipment to convey electric current, or equipment to be operated by electric current. A person must have a journey level or specialty electrician certificate of competency in order to work as an electrician. To obtain a certificate of competency, a person must complete certain

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requirements and pass an examination. The Department of Labor and Industries (L&I) issues licenses and certificates of competency and otherwise administers the regulation of electricians and electrical work. L&I may enter a reciprocal agreement with another state to accept the credentials of the other state if the requirements are equal to Washington's standards.

Net Metering.

Net metering allows customers who produce their own electricity with on-premises solar energy systems to sell the electricity they aren't using back to an electric utility and offset their future energy costs. A net metering on-premises solar energy system is defined as a fuel cell, a combined heat and power facility, or a renewable energy generation facility that:

- has an electrical generating capacity of not more than 100 kilowatts;
- is located on the customer's premises;
- operates in parallel with the electric utility's transmission and distribution facilities; and
- is intended primarily to offset part or all of the customer's requirements for electricity.

Summary of Bill:

License Required.

Any person selling or installing residential or commercial systems producing electricity with solar energy for a total cost, including labor and materials, in excess of \$1,000 must:

- be licensed as an electrical contractor; and
- have a solar energy installation contract (contract) with the customer that meets certain regulations.

Solar Energy Installation Contract.

The contract must be written, be in the same language as the sales presentation was made to the customer, and a copy must be given to the customer at the time of signing.

The contract must contain:

- the total dollar amount of the contract;
- an itemized list of work to be performed, including electrical system or utility equipment upgrades;
- any financing incorporated directly into the contract, which must be identified as a separate line item and conform to all state and federal consumer loan regulations and disclosure requirements;
- disclosure of the exact amount paid, if any, by a solar energy contractor (contractor) or salesperson to any lender in the form of a dealer fee, or other similar inducement to obtain financing, irrespective of whether financing is incorporated with the contract or in conjunction with a third-party lender;
- the cost per watt calculated as the total contract amount, including labor and materials, for installing the solar energy system (system) divided by the total direct current nameplate rating of the solar array;
- a detailed performance-based payment schedule based on projected completion milestones

that explains when costs are due, the customer's right to cancel, and identifies cancellation fees due at each milestone;

- the model and brand name of major system components to be installed, and if changes occur throughout the contract duration, the changes must be documented, the efficiency and warranty period of the new major system components must be provided, and the changes must be agreed upon by the customer;
- the warranty period for each major system component;
- any ongoing operations and maintenance costs that are included in the contract;
- a list of anticipated maintenance activities that the customer will need to perform in order to maintain the warranty and performance of the system;
- the system's first-year annual production projections in kilowatt-hours, and the methodology and nationally recognized, industry-standard tool used to develop the projections;
- an explanation of what happens annually to any unused net metering or other applicable bill credits from on-site generation;
- the contractor's good faith estimate of projected electric bill savings the system is expected to achieve over the first 12 months after interconnection;
- the name, business address, and phone number of the primary salesperson or sales firm, if different from the contractor;
- the name, business address, contractor's registration number, and link to the Washington State Department of Labor and Industries' contractor verification tool;
- a statement as to whether all or part of the work is intended to be subcontracted to, or performed by another person or entity, other than the contractor's own workforce;
- the following statements, each initialed by the customer acknowledging they have read and understand each provision:
 - "IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR PART OF THE CONTRACT, IT IS RECOMMENDED THAT YOU WAIT UNTIL RECEIVING FINANCIAL APPROVAL BEFORE SIGNING THIS SOLAR ENERGY INSTALLATION CONTRACT. IN ADDITION, IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR A PART OF THE CONTRACT, IT IS RECOMMENDED THAT YOU VERIFY WHETHER LOAN PAYMENTS ARE DUE BEFORE THE SYSTEM IS OPERATIONAL. NOTHING IN THIS CONTRACT ALTERS YOUR RESPONSIBILITY TO PAY YOUR ELECTRIC UTILITY COMPANY FOR AMOUNTS DUE ON YOUR ELECTRIC BILL."
 - "CUSTOMER'S RIGHT TO CANCEL: YOU HAVE THE RIGHT TO CANCEL YOUR SOLAR ENERGY INSTALLATION CONTRACT WITHIN THREE BUSINESS DAYS OF CONTRACT SIGNING."
 - "If you are a residential customer, you must have sufficient tax liability to utilize the residential clean energy credit. You will not receive these funds directly; you can only offset the taxes that you owe to the federal government. IF YOU ARE PARTICIPATING IN GOVERNMENT ASSISTANCE PROGRAMS OR ARE ON A FIXED INCOME, YOU MAY NOT BE ELIGIBLE FOR THIS TAX CREDIT. The cost of roof repairs should not be included in calculating the tax credit. It is recommended that you consult a tax attorney if you are relying on the tax credit to

afford the cost of the solar energy installation."

- a statement clearly explaining whether the contract includes the cost of uninstalling and reinstalling the system if it is installed on the customer's roof and the roof must be replaced or repaired at a future date. If the contract does not include uninstalling and reinstalling the system, it must include a notice initialed and acknowledged by the customer;
- a copy of the Internal Revenue Service's current revision of form 5695 instructions for residential clean energy credit (Part I) qualified solar electric property costs;
- a statement that it is the contractor's responsibility to install the system per the manufacturer instructions, in compliance with the national electric code, in compliance with local building codes, and the applicable utility's interconnection standards;
- a copy of, or link to, the applicable utility's interconnection application;
- a statement documenting which party is responsible for obtaining permission to operate from the utility;
- a statement that the addition of a system may affect the structure's assessed and taxed value; and
- a statement about how the system will automatically disconnect from the utility grid in the event of a power outage to protect utility repair personnel from potential electric shock and not provide electricity during a power outage, unless the system includes energy storage equipment or power conversion and control technologies designed and installed to provide backup power during an outage.

For installation that includes roofing work for a residential customer, the contractor must provide the customer with separate invoices for the roofing work and the contract must separately itemize and identify the cost of roofing tear-off and replacement.

Cancellation Rights.

If a customer exercises their right to cancel the contract within three business days of signing it, the contractor may not enforce the contract's terms. The contractor must terminate any security interest or statutory lien created under the transaction within 20 days of receiving the customer's written rescission. The customer's right to cancel applies if the customer can demonstrate that a good faith effort was made to contact the contractor to cancel before the customer's rescission period expired. A salesperson or contractor may not charge a customer for payment until the rescission right's period has passed.

Utility Interconnection Approval.

An electric utility must approve the interconnection application for the system before installation, unless the contractor is certified by the electric utility. The contractor must notify the applicable electric utility of any equipment or design changes that occur.

Transfer of Contract Liability.

A person or entity who purchases, or is otherwise assigned a contract, is subject to all claims and defenses that the customer could assert against the contractor. A person or entity who sells, or otherwise assigns a contract, must include a prominent notice of the potential liability.

Violations and Remedies.

A contractor, subcontractor, or salesperson who fails to comply with these requirements is liable to the customer for any actual damages sustained as a result of the failure. A person is prohibited from soliciting any deceptive statement or representation regarding the costs, financing, terms, or conditions of purchase or installation of residential or commercial systems. A violation of the requirements set forth by this act are considered unfair or deceptive trade practices and an unfair method of competition under the Consumer Protection Act.

Appropriation: None.

Fiscal Note: Requested on January 9, 2024.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.