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**SENATE BILL 5515**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Shewmake, Bateman, Liias, Lovelett, and Saldaña

AN ACT Relating to fair access to community solar; amending RCW 80.28.370, 80.28.375, and 82.16.182; adding new sections to chapter 80.28 RCW; and creating a new section.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  The legislature finds and declares that community solar:

(1) Provides investor owned utilities, ratepayers, and communities the opportunity to realize the benefits of distributed energy generation;

(2) Will provide family sustaining jobs and investments in the state of Washington;

(3) Expands equitable access to the benefits of clean energy for investor-owned utility ratepayers and communities, particularly for income-qualified households, renters, and other individuals who might not be able to install on-site solar energy systems at their buildings;

(4) Prevents or reduces negative impacts to the health, safety, and welfare of Washingtonians, especially for vulnerable populations;

(5) Strengthens the security, resilience, and reliability of the electric grid;

(6) Contributes to the timely achievement of Washington's greenhouse gas emissions reduction goals;

(7) Alleviates stress on electric grid infrastructure in a cost-effective manner, which makes it possible to defer or avoid costly transmission and distribution system investments;

(8) Helps the state cost-effectively meet the mandates in the Washington state energy code;

(9) Is consistent with the goals and intent of the energy assistance provisions of the Washington clean energy transformation act; and

(10) Will enhance the state's economy by capitalizing on the opportunities created by local, state, and federal programs and incentives such as the inflation reduction act.

**Sec.**  RCW 80.28.370 and 2017 3rd sp.s. c 36 s 10 are each amended to read as follows:

The definitions in this section apply throughout this section and RCW 80.28.375 and sections 3 through 6 of this act unless the context clearly requires otherwise.

(1) ((~~"Community solar company" means a person, firm, or corporation, other than an electric utility or a community solar cooperative, that owns a community solar project and provides community solar project services to project participants.~~

~~(2) "Community solar project" means a solar energy system that has a direct current nameplate generating capacity that is no larger than one thousand kilowatts.~~

~~(3) "Community solar project services" means the provision of electricity generated by a community solar project, or the provision of the financial benefits associated with electricity generated by a community solar project, to multiple project participants, and may include other services associated with the use of the community solar project such as system monitoring and maintenance, warranty provisions, performance guarantees, and customer service.~~

~~(4) "Electric utility" means a consumer-owned utility or investor-owned utility as those terms are defined in RCW 19.280.020.~~

~~(5) "Project participant" means a customer who enters into a lease, power purchase agreement, loan, or other financial agreement with a community solar company in order to obtain a beneficial interest in, other than direct ownership of, a community solar project.~~

~~(6) "Solar energy system" means any device or combination of devices or elements that rely upon direct sunlight as an energy source for use in the generation of electricity~~)) "Community solar bill credit" means a monetary credit for electricity generated by a community solar project, in proportion to a community solar project subscriber's portion of the community solar project's kilowatt-hour output, and allocated to a community solar project subscriber's electricity bill on the utility's monthly billing cycle.

(2) "Community solar program" or "program" means a program that allows for the development of community solar projects and provides customers of a utility with the option of subscribing to a project and receiving community solar bill credits.

(3)(a) "Community solar project" means a solar photovoltaic energy system that provides community solar subscribers a community solar bill credit and:

(i) Has an alternating current nameplate generating capacity no larger than 5,000 kilowatts unless a larger size is approved by the utility serving the site of the project;

(ii) Is located in the state and is connected to an electric utility's distribution system;

(iii) Has a minimum of three subscribers and a single customer does not own or subscribe to more than 49 percent of the generating capacity of the project; and

(iv) Is not located on the same or adjoining parcel as another community solar project, unless the parcel is considered a preferred site, or the project includes an energy storage system.

(b) At least 50 percent of community solar generating capacity in each community solar project must be subscribed by residential subscribers. At least 30 percent of community solar generating capacity in each community solar project must be subscribed by low-income subscribers, low-income service provider subscribers, or a combination of them.

(4) "Community solar project manager" means an entity, other than an electric utility, that develops, owns, or operates one or more community solar projects.

(5) "Community solar project services" means the provision of the financial benefits associated with electricity generated by a community solar project to multiple project subscribers, and may include other services associated with the use of the community solar project such as leasing land, system monitoring and maintenance, warranty provisions, performance guarantees, accounting, reporting, and customer service.

(6) "Community solar subscription manager" means an entity, other than an electric utility, that:

(a) Markets community solar projects or otherwise provides community solar-related services under its own brand name; and

(b) Performs any administrative actions to connect, enroll, maintain, and update customers with community solar projects.

(7) "Electric utility" means a consumer-owned utility or

investor-owned utility as those terms are defined in RCW 19.280.020.

(8) "Energy storage system" means any commercially available system that is capable of retaining, storing, and delivering energy by chemical, thermal, mechanical, or other means.

(9) "Low-income" means household incomes that do not exceed the higher of 80 percent of area median household income or 200 percent of the federal poverty level, adjusted for household size. Subscribers may be considered low-income for the purposes of this program if they are a retail electric customer that is enrolled in a low-income program facilitated by the state or federal government, enrolled in a low-income energy program facilitated by the electric utility, resides in verifiable low-income housing, or is determined as such by the commission or any verification method authorized by the United States department of treasury for the qualified low-income economic benefit project investment tax credit under P.L. 117-169 Sec. 13103(2)(c).

(10) "Low-income service provider" has the same meaning as defined in RCW 82.16.182.

(11) "Net-crediting" means a payment mechanism that requires an investor-owned utility to include both the community solar subscription cost and the community solar bill credit on the subscriber's electric bill.

(12) "Preferred site" means rooftops, parking structures, existing impervious surfaces, landfills, brownfields, previously developed sites, irrigation canals and ponds, stormwater collection ponds, industrial areas, solid waste facilities, land or structures owned by a metropolitan housing authority, department of natural resources' properties identified for solar development, and other sites that do not displace critical habitat or productive farmland as defined by state and county planning processes. Solar projects that intentionally integrate with agricultural operations and projects owned by tribes may also qualify as preferred sites.

(13) "Prevailing wage" means the wage rate as identified in chapter 39.12 RCW.

(14) "Renewable energy credit" has the same meaning as defined in RCW 19.285.030.

(15) "Solar photovoltaic energy system" means any device or combination of devices or elements that relies upon direct sunlight as an energy source for use in the generation of electricity.

(16) "Subscriber" means a retail customer of an electric utility who enters into a contractual agreement to receive bill credits from a community solar project or to secure an ownership interest in a community solar project that grants the customer rights to community solar bill credits for application to the customer's electricity bill.

(17) "Subscription" means a portion of the output from or capacity of a community solar project located in an electric utility's territory purchased from a community solar project manager or a community solar subscription manager.

(18) "Unsubscribed energy" means the bill credits not allocated to a subscriber that accrue if a community solar project is not fully subscribed in any given month.

NEW SECTION. **Sec.**  A new section is added to chapter 80.28 RCW to read as follows:

(1) The commission shall update rules for community solar projects to incorporate the requirements of this act.

(a) The commission shall host a minimum of two workshops with interested parties on the community solar program described in this act. The purpose of the workshops is to ensure consideration of relevant information and the expertise of interested parties in the creation, modification, or expansion of community solar programs.

(b) The working group shall consist of:

(i) Utility representatives;

(ii) Solar industry representatives;

(iii) Consumer advocates;

(iv) Members of, or organizations serving, overburdened communities and vulnerable populations;

(v) Tribes, or people or organizations working for or with tribes on clean energy programs or projects;

(vi) Labor unions; and

(vii) Other interested parties.

(2) Before adopting rules for the community solar program, the commission shall review, at a minimum, any recommendations, comments, or relevant information provided during the workshops.

(3) Not later than 18 months after the effective date of this section, the commission shall adopt rules to implement the community solar program, which shall include the following:

(a) A methodology for valuing community solar bill credit rates as outlined in section 5 of this act;

(b) A process for the certification of community solar

facilities;

(c) Modifications of existing investor-owned utility interconnection fees as needed to facilitate the efficient and cost-effective interconnection of community solar projects so that the interconnection customer pays the reasonable costs and interconnections are designed, engineered, and completed in accordance with good utility practice;

(d) Consumer protections for subscribers, including:

(i) Standardizing a customer disclosure form for residential subscribers;

(ii) Prohibiting upfront sign-on fees or credit checks as a means of establishing eligibility for residential subscribers; and

(iii) Preventing early termination charges to any residential subscriber;

(e) Notices required for each community solar project manager to be sent in a standardized format containing information related to subscriber enrollment to the investor-owned utility that services the area where the organization's community solar project is sited;

(f) Opportunities for subscribers that receive utility allowances; and

(g) Community solar program evaluations to ensure that subscribers are effectively and equitably receiving credits from participating in the community solar program.

NEW SECTION. **Sec.**  A new section is added to chapter 80.28 RCW to read as follows:

(1) The commission shall conduct reviews of the community solar program described in this act at least once five years after the effective date of this section and once every 10 years after the effective date of this section and submit a report to the legislature with the following information:

(a) The number and locations of operating community solar facilities;

(b) The amount of nameplate capacity certified;

(c) The number of subscribers, the total generating capacity that was subscribed to by those subscribers, and the types of customer classes;

(d) The number of low-income subscribers and low-income service providers, the total generating capacity that was subscribed to by those subscribers, and the types of customer classes;

(e) Whether cost savings were achieved by subscribers; and

(f) Any other metrics identified by the commission or the stakeholder working group.

(2) The commission may adopt rules to require community solar organizations and electric utilities to provide the commission with a report containing the relevant information described in subsection (1) of this section.

NEW SECTION. **Sec.**  A new section is added to chapter 80.28 RCW to read as follows:

(1)(a) The commission must adopt a community solar bill credit valuation methodology that recognizes and incorporates the values that community solar programs bring to the electrical grid, including:

(i) The value of the electricity;

(ii) The value of the projects to transmission and distribution capacity, deferred transmission and distribution investments, deferred generation investments and added generation capacity, voltage, reduced system losses, reduced line losses, and ancillary services;

(iii) The value of the projects to grid reliability and

resilience;

(iv) The value of environmental attributes, greenhouse gas emissions reductions, methane leakage reductions, public health, and energy security; and

(v) Other factors associated with locally produced electricity as determined by the commission.

(b) The community solar bill credit valuation must provide additional value for community solar projects when the project:

(i) Is located on a preferred site;

(ii) Is owned by or serves tribal communities; or

(iii) Incorporates an energy storage system.

(2) The community solar bill credit valuation must:

(a) Ensure the ability to finance, develop, and maintain

community solar projects;

(b) Maximize the value that ratepayers, subscribers, and host communities receive from projects; and

(c) Include an annual escalator.

(3) Unsubscribed energy credits may be rolled forward on a community solar project account until it is allocated by a community solar project manager or community solar subscription manager to subscribers.

(4) Nothing in this section may be construed as intending to preclude persons from investing in or possessing an ownership interest in a community solar project or from applying for and receiving federal investment tax credits.

NEW SECTION. **Sec.**  A new section is added to chapter 80.28 RCW to read as follows:

(1) A community solar project manager or community solar subscription manager must:

(a) Collect information regarding the financial costs and benefits realized by subscribers;

(b) Administer projects in a transparent manner that allows for fair and nondiscriminatory opportunities for participation;

(c) Provide each subscriber with a disclosure form containing all material terms and conditions of participation in the project; and

(d) Register with the commission.

(2)(a) Each subscriber's monthly community solar bill credit must be applied to the subscriber's retail electric bill in the month following the billing cycle in which the community solar project generated the credits.

(b) If the community solar project manager or community solar subscription manager amends the community solar project's subscriber list, the changes must be reflected on any customer bills issued more than 15 days after the amendment is received by the utility.

(3) Investor-owned utilities must reasonably allow for the transfer and portability of subscriptions, including allowing a subscriber to retain a subscription if the subscriber moves within the same investor-owned utility's service territory.

(4) Investor-owned utilities may not change a subscriber's applicable customer class because of the subscriber's subscription to a community solar project.

(5) A community solar subscription manager may enter a net-crediting agreement on behalf of an eligible customer. Retail electric bills subjected to net-crediting must display the subscriber's subscription fee and furnish the subscriber with a net-credit equivalent to the total bill credit value for the generation period, deducting the subscription fee and any program-related administrative fees.

(a) Investor-owned utilities shall remit the subscription fee to the community solar subscription manager within 60 days of the energy's generation.

(b) The investor-owned utility may impose a net-crediting fee, capped at one percent of the subscription fee, unless the commission determines a higher fee is just and reasonable.

(6) The commission may amend the required residential, low-income, and low-income service provider subscriber level no sooner than 10 years after the adoption of program rules.

(a) Community solar capacity or generation allocated to low-income subscribers and low-income service provider subscribers are exempt from community solar program-related administrative fees.

(b) Community solar projects must maintain their low-income subscriber threshold for the project's lifetime.

(7) Renewable energy credits associated with the generation of electricity by a community solar project must be retired on behalf of the subscriber.

**Sec.**  RCW 80.28.375 and 2017 3rd sp.s. c 36 s 11 are each amended to read as follows:

(1) No community solar ((~~company~~)) project manager or their contracted agents, affiliates, or electric service providers may engage in business in this state except in accordance with the provisions of this chapter unless they are an established electric utility. Engaging in business ((~~as a community solar company~~)) includes advertising, soliciting, offering, or entering into an agreement to own a community solar project and provide community solar project services to ((~~electric utility~~)) customers.

(2) A community solar ((~~company~~)) project manager must have a valid business license pursuant to RCW 19.28.041 and register with the commission before engaging in business in this state ((~~or applying for certification from the Washington State University extension energy program under RCW 82.16.165(1). Registration with the commission as a community solar company must occur on an annual basis~~)). The registration must be on a form prescribed by the commission and contain that information as the commission may by rule require, but must include at a minimum:

(a) The name and address of the community solar ((~~company~~)) project manager;

(b) The name and address of the community solar ((~~company's~~)) project manager's registered agent, if any;

(c) ((~~The name, address, and title of each officer or director;~~

~~(d)~~)) The community solar ((~~company's most current balance sheet~~)) project manager's proof of insurance;

((~~(e)~~)) (d) The community solar ((~~company's~~)) project manager's latest annual report, if any, which should be filed confidentially;

((~~(f)~~)) (e) A description of the services the community solar ((~~company~~)) project manager offers or intends to offer((~~, including financing models~~)); and

((~~(g)~~)) (f) Disclosure of any pending litigation against it.

(3) As a precondition to registration, the commission may require the procurement of a performance bond ((~~or other mechanism sufficient to cover any advances or deposits the community solar company may collect from project participants or order that the advances or deposits be held in escrow or trust~~)).

(4) The commission may deny registration to any community solar ((~~company~~)) project manager that:

(a) Does not provide the information required by this section; or

(b) Fails to provide a performance bond or other mechanism, if required((~~;~~

~~(c) Does not possess adequate financial resources to provide the proposed service; or~~

~~(d) Does not possess adequate technical competency to provide the proposed service~~)).

(5) The commission must take action to approve or issue a notice of hearing concerning any application for registration within ((~~thirty~~)) 45 days after receiving the application. The commission may approve an application with or without a hearing. The commission may deny an application after a hearing.

(6) The commission may charge a community solar ((~~company~~)) project manager an ((~~annual~~)) application fee to recover the cost of processing applications for registration under this section. The fee must not be set in such a manner as to preclude nonprofits, individuals, and small businesses from participating as community solar project managers.

(7) The commission may adopt rules that describe the manner by which it will register a community solar ((~~company~~)) project manager, ensure that the terms and conditions of community solar projects or community solar project services comply with the requirements of chapter 36, Laws of 2017 3rd sp. sess., establish the community solar ((~~company's~~)) project manager's responsibilities for responding to customer complaints and disputes, and adopt annual reporting requirements. In addition to the application fee authorized under subsection (6) of this section, the commission may adopt regulatory fees applicable to a community solar ((~~companies~~)) project manager pursuant to RCW 80.04.080, 80.24.010, and 80.24.020. Such fees may not exceed the cost of ensuring compliance with this chapter.

(8) The commission may suspend or revoke a registration upon ((~~complaint by any interested party, or upon~~)) the commission's own motion after notice and opportunity for hearing((~~,~~)) when it finds that a registered community solar ((~~company~~)) project manager or its agent has violated this chapter or the rules of the commission, or that the community solar ((~~company~~)) project manager or its agent has been found by a court or governmental agency to have violated the laws of a state or the United States.

(9) For the purpose of ensuring compliance with this chapter, the commission may issue penalties against community solar ((~~companies~~)) project managers for violations of this chapter as provided for public service companies pursuant to chapter 80.04 RCW.

(10) Upon request of the commission, a community solar ((~~company~~)) project manager registered under this section must provide information about its community solar projects or community solar project services.

(11) A violation of this section constitutes an unfair or deceptive act in trade or commerce in violation of chapter 19.86 RCW, the consumer protection act. Acts in violation of chapter 36, Laws of 2017 3rd sp. sess. are not reasonable in relation to the development and preservation of business, and constitute matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW.

(12) For the purposes of RCW 19.86.170, actions or transactions of a community solar ((~~company~~)) project manager may not be deemed otherwise permitted, prohibited, or regulated by the commission.

(13) Community solar subscription managers must have a valid business license pursuant to RCW 19.28.041 and register and maintain "good standing" with the commission before engaging in business in this state. The registration must be on a form prescribed by the commission and contain such information as the commission may by rule require, but must include, at a minimum:

(a) The name and address of the community solar subscription manager;

(b) The name and address of the community solar subscription manager's registered agent, if any;

(c) A description of the services the community solar subscription manager offers or intends to offer;

(d) Disclosure of any pending litigation against the community solar subscription manager;

(e) The community solar subscription manager's proof of insurance; and

(f) A copy of the standard community solar subscription agreement the community solar subscription manager will utilize.

**Sec.**  RCW 82.16.182 and 2022 c 212 s 4 are each amended to read as follows:

(1) The definitions in this section apply throughout this section and RCW 82.16.183 unless the context clearly requires otherwise.

(a)((~~(i)~~)) "Administrator" means the utility, nonprofit, community solar project manager, community solar subscription manager, tribal housing authority ((~~as provided in (a)(ii) of this subsection~~)), public agency, or other local housing authority that organizes and administers a community solar project as provided in RCW 82.16.183 and 82.16.170.

((~~(ii) A tribal housing authority may only administer a community solar project on tribal lands or lands held in trust for a federally recognized tribe by the United States for subscribers who are tribal members.~~))

(b)(i) "Certification" means the authorization issued by the Washington State University extension energy program establishing a community solar project administrator's eligibility to receive a low-income community solar incentive payment from the electric utility serving the site of the community solar project, on behalf of, and for the purpose of providing direct benefits to, its low-income subscribers, low-income service provider subscribers, and tribal and public agency subscribers.

(ii) A one-time certification may be issued to an electric utility for the purpose of implementing billing system upgrades that enable community solar bill crediting. The incentive payment may not exceed $1,000,000 per investor-owned utility or $250,000 per consumer owned utility.

(c)(i) "Community solar project" means a solar energy system that:

(A) Has a direct current nameplate capacity ((~~that is greater than 12 kilowatts but no greater than 199 kilowatts;~~

~~(B) Has, at minimum, either two subscribers or one low-income service provider subscriber; and~~

~~(C) Meets the applicable eligibility requirements in RCW 82.16.183.~~

~~(ii)~~)) no greater than 199 kilowatts, has, at minimum, two subscribers or one low-income service provider subscriber, and meets the applicable eligibility requirements in RCW 82.16.183; or

(B) Has the same meaning as defined in RCW 80.28.370.

(ii) A community solar project may include a storage system with a solar energy system.

(d) "Community solar project manager" has the same meaning as defined in RCW 80.28.370.

(e) "Consumer-owned utility" has the same meaning as in RCW 19.280.020.

((~~(e)~~)) (f) "Electric utility" or "utility" means a consumer-owned utility or investor-owned utility as those terms are defined in RCW 19.280.020.

((~~(f)~~)) (g) "Energy assistance" has the same meaning as provided in RCW 19.405.020.

((~~(g)~~)) (h) "Energy burden" has the same meaning as provided in RCW 19.405.020.

((~~(h)~~)) (i) "Governing body" has the same meaning as provided in RCW 19.280.020.

((~~(i)~~)) (j)(i) "Installed cost" includes only the renewable energy system components and fees that are integral and necessary for the generation and storage of electricity. Components and fees include:

(A) Solar modules and inverters;

(B) Battery systems;

(C) Balance of system, such as racking, wiring, switch gears, and meter bases;

(D) Nonhardware costs incurred up to the date of the final electrical inspection, such as fees associated with engineering, permitting, interconnection, and application;

(E) Labor; and

(F) Sales tax.

(ii) "Installed cost" does not include structures and fixtures that are not integral and necessary to the generation or storage of electricity, such as carports and roofing.

((~~(j)~~)) (k) "Interconnection customer" means the person, corporation, partnership, government agency, or other entity that proposes to interconnect, or has executed an interconnection agreement, with the electric utility.

((~~(k)~~)) (l) "Low-income" has the same meaning as provided in RCW ((~~19.405.020~~)) 80.28.370.

((~~(l)~~)) (m) "Low-income service provider" includes, but is not limited to, a local community action agency or local community service agency designated by the department of commerce under chapter 43.63A RCW, local housing authority, tribal housing authority, low-income tribal housing program, affordable housing provider, food bank, or other nonprofit organization that provides services to low-income households as part of their core mission.

((~~(m)~~)) (n) "Multifamily residential building" means a building containing more than two sleeping units or dwelling units where occupants are primarily permanent in nature.

((~~(n)~~)) (o) "Person" means an individual, firm, partnership, corporation, company, association, agency, or any other legal entity.

((~~(o)~~)) (p) "Preferred sites" ((~~means rooftops, structures, existing impervious surfaces, landfills, brownfields, previously developed sites, irrigation canals and ponds, stormwater collection ponds, industrial areas, dual-use solar projects that ensure ongoing agricultural operations, and other sites that do not displace critical habitat or productive farmland as defined by state and county planning processes~~)) has the same meaning as defined in RCW 80.28.370.

((~~(p)~~)) (q) "Public agency" means any political subdivision of the state including, but not limited to, municipal and county governments, special purpose districts, and local housing authorities, but does not include state agencies.

((~~(q)~~)) (r)(i) Except as otherwise provided in ((~~(q)~~)) (r)(ii) of this subsection, "qualifying subscriber" means a low-income subscriber, low-income service provider subscriber, tribal agency subscriber, or public agency subscriber.

(ii) For tribal agency subscribers and public agency subscribers, only the portion of their subscription to a community solar project that is demonstrated to benefit low-income beneficiaries, including low-income service providers and services provided to low-income citizens or households, is to be considered a qualifying subscriber.

((~~(r)~~)) (s) "Retail electric customer" has the same meaning as in RCW 80.60.010.

((~~(s)~~)) (t) "Subscriber" ((~~means a retail electric customer of an electric utility who owns or is the beneficiary of one or more units of a community solar project directly interconnected with that same utility~~)) has the same meaning as defined in RCW 80.28.370.

((~~(t)~~)) (u) "Subscription" ((~~means an agreement between a subscriber and the administrator of a community solar project~~)) has the same meaning as defined in RCW 80.28.370.

(2) This section expires June 30, 2038.

**--- END ---**