
**Technology, Energy & Communications
Committee**

ESSB 6658

Brief Description: Modifying community solar project provisions for investment cost recovery incentives.

Sponsors: Senate Committee on Environment, Water & Energy (originally sponsored by Senators Rockefeller, Morton and Pridemore).

Brief Summary of Engrossed Substitute Bill

- Establishes a generation limits of 100 kilowatts for community solar projects.
- Specifies that all renewable projects participating in the Cost-recovery Incentive Payment Program must be located in Washington.
- Requires owners of a community solar project that are not a Limited Liability Company (LLC) to appoint one owner as an administrator.
- Allows a LLC that owns a community solar project to submit one incentive application on behalf of each member of the LLC.
- Limits the incentive payment amount of each member of a LLC.
- Provides legal protections for electric utilities and their employees.

Hearing Date: 2/18/10

Staff: Scott Richards (786-7156).

Background:

Cost-Recovery Incentive Program for Renewable Energy Systems.

In 2005 the Legislature created a Cost-recovery Incentive Payment Program to promote renewable energy systems that produce electricity from solar, wind, or anaerobic digesters. An

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

individual, business, or local government purchasing an eligible system can apply for an incentive payment from the electric utility serving the applicant. The incentive provides at least 15 cents for each kilowatt-hour (kWh) of energy produced, with extra incentives for solar generating systems that use components manufactured in Washington. Payments are capped at \$5,000 annually per applicant.

In 2009 the Legislature expanded the program to include community solar projects, which are either: (1) a solar energy system owned by local individuals, households, or non-utility businesses that is placed on the property owned by their cooperating local governmental entity; or (2) a utility-owned solar energy system that is voluntarily funded by the utility's 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. Under current law, there are no electrical generation capacity limits established for individual community solar projects.

Community solar projects are eligible to receive incentives of 30 cents for each kilowatt-hour of energy produced, unless the amount of requests for incentive payments exceeds the amount authorized for credit to the utility, in which case the incentive payments to applicants must be reduced proportionally. Payments to a community solar project are capped at \$5,000 annually per applicant. Incentive payments to participants in a utility-owned community solar project may only account for up to 25 percent of the total allowable credit.

The Cost-recovery Incentive Payment Program expires June 30, 2020.

Summary of Bill:

Community Solar Projects Electric Generation Limit.

Only community solar projects with a maximum instantaneous output of 100 kilowatts of electricity or less are eligible to receive incentive payments under the Cost-recovery Incentive Payment Program. A community solar project owned by a LLC may have a maximum instantaneous output of more than 100 kilowatts of electricity, if the project has received all required government permits and approvals and begins construction by December 31, 2010.

Location of Cost-Recovery Incentive Projects.

All renewable projects participating in the Cost-recovery Incentive Payment Program must be located in Washington.

Single Point of Contact for Community Solar Projects.

Owners of a community solar project that are not a LLC must appoint one owner as an administrator who is responsible for applying and receiving incentive payments on behalf of the other owners.

Community Solar Projects Owned by a Limited Liability Company.

A LLC that owns a community solar project may submit one incentive application on behalf of each member of the LLC. Each member of the LLC is eligible for an incentive payment up to \$5,000 per year. Owners of a community solar project are only entitled to incentive payments in proportion to each ownership share.

Electric Utility and Employee Protections.

The owners of community solar projects must hold harmless the electric utility and its employees for their good faith reliance on the information in a cost recovery application or certification. In addition, the electric utility and its employees are immune from civil liability for their good faith reliance on the information contained in such documents.

Technical changes are made.

Appropriation: None.

Fiscal Note: Requested 2/17/10.

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