

# SENATE BILL REPORT

## SB 5198

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As of January 28, 2009

**Title:** An act relating to creating customer rebates and public utility tax credits for light and power businesses and gas companies.

**Brief Description:** Creating customer rebates and public utility tax credits for light and power businesses and gas companies.

**Sponsors:** Senators Hobbs, Holmquist, Hatfield, Parlette, Becker and Honeyford.

**Brief History:**

**Committee Activity:** Environment, Water & Energy: 1/23/09.

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### SENATE COMMITTEE ON ENVIRONMENT, WATER & ENERGY

**Staff:** William Bridges (786-7416)

**Background:** Cost-Recovery Incentive Program for Renewable Energy Systems. In 2005 the Legislature created a cost-recovery incentive program to promote renewable energy systems that produce electricity from solar, wind, or anaerobic digesters. An individual, business, or local government purchasing an eligible system may apply for an incentive payment from the electric utility serving the applicant. The incentive provides at least 15 cents for each kilowatt-hour of energy produced, with extra incentives for solar generating systems that use components manufactured in Washington. Payments are capped at \$2,000 annually per applicant.

A utility providing incentive payments is allowed a credit against its public utility tax (PUT) for incentives paid, limited to \$25,000 or 0.25 percent of its taxable power sales, whichever is greater.

The cost-recovery incentive program expires June 30, 2015.

**Summary of Bill:** Creating a Cost-Recovery Incentive Program for Solar Hot Water Heaters. Starting July 1, 2009, an electric or gas utility may provide a rebate to its retail customers for the costs of installing solar water heating systems in their homes or businesses. The amount of the rebate cannot be greater than 50 percent for systems manufactured outside of Washington and 75 percent for systems manufactured in Washington. Participating utilities must determine a tiered rebate amount based on the efficiency of the solar water

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heating system. A solar water heating system must, at a minimum, have a solar rating and corporation certification as of July 1, 2009.

Rebates are limited to \$4,000 per calendar year for each customer, except that rebates for systems manufactured in Washington, which are limited to \$5,000 per calendar year.

A utility is allowed a credit against PUT for up to 50 percent rebates paid in a calendar year, limited to \$50,000 or 0.25 percent of its taxable power sales, whichever is greater. The total amount of credits may not exceed \$1 million in any calendar year, nor may they exceed the tax amount that would otherwise be due.

The program expires December 31, 2012.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: Under this bill, families could save 40 to 80 percent on their water heating costs. Solar water heaters are made in Washington and this bill will support local jobs. The bill is good for the planet and good for the local economy. Solar water heaters can provide 50 percent or more of a home's water heating costs and thereby lower the home's CO2 emissions. Tiered rebate amounts based on the efficiency of a hot water system is a good provision in the bill.

**Persons Testifying:** PRO: Senator Hobbs, prime sponsor; Carrie Dolwick, NWECA; Bob Guenther, IBEW 77; Andrew Munro, Grant County PUD.