

SUBSTITUTE HOUSE BILL 1301

State of Washington

63rd Legislature

2013 Regular Session

By House Technology & Economic Development (originally sponsored by Representatives Morris, Ryu, McCoy, Hudgins, Morrell, and Pollet)

READ FIRST TIME 02/19/13.

1 AN ACT Relating to creating clean energy jobs in Washington state
2 through renewable energy incentives; amending RCW 82.16.120, 82.16.130,
3 and 82.16.110; adding new sections to chapter 82.16 RCW; adding a new
4 section to chapter 43.180 RCW; creating a new section; providing an
5 effective date; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.16 RCW
8 to read as follows:

9 The legislature seeks to ensure that Washington is positioned to
10 attract and grow a vibrant clean technology sector, with attendant job
11 growth that can benefit all residents of the state, by: Modifying a
12 tax credit providing incentives to encourage energy consumers to meet
13 their on-site electricity demands by installing renewable energy
14 systems, establishing a fund to incubate clean energy manufacturing in
15 Washington by awarding vouchers through a competitive process that
16 gives preference to systems built in Washington, and establishing
17 performance milestones to measure the level of success achieved.

1 **Sec. 2.** RCW 82.16.120 and 2011 c 179 s 3 are each amended to read
2 as follows:

3 (1)(a) Any individual, business, local governmental entity, not in
4 the light and power business or in the gas distribution business, or a
5 participant in a community solar project may apply to the light and
6 power business serving the situs of the system, each fiscal year
7 beginning on July 1, 2005, and ending June 30, 2013, for an investment
8 cost recovery incentive for each kilowatt-hour generated from a
9 customer-generated electricity renewable energy system. No incentive
10 may be paid under this subsection for kilowatt-hours generated before
11 July 1, 2005, or after June 30, 2020.

12 (b) In the case of a community solar project as defined in RCW
13 82.16.110((+2)) (3)(a)(i), the administrator must apply for the
14 investment cost recovery incentive on behalf of each of the other
15 owners. ((+c)) In the case of a community solar project as defined in
16 RCW 82.16.110((+2)) (3)(a)(iii), the company owning the community
17 solar project must apply for the investment cost recovery incentive on
18 behalf of each member of the company.

19 (2)(a) ((Before submitting for the first time the application for
20 the incentive allowed under subsection (4))) To qualify for the
21 incentive allowed under subsection (1) of this section, the applicant
22 must submit to the department of revenue and to the climate and rural
23 energy development center at the Washington State University,
24 established under RCW 28B.30.642, ((a certification)) an application
25 in a form and manner prescribed by the department that includes, but is
26 not limited to, the following information:

27 (i) The name and address of the applicant and location of the
28 renewable energy system.

29 (A) If the applicant is an administrator of a community solar
30 project as defined in RCW 82.16.110((+2)) (3)(a)(i), the certification
31 must also include the name and address of each of the owners of the
32 community solar project.

33 (B) If the applicant is a company that owns a community solar
34 project as defined in RCW 82.16.110((+2)) (3)(a)(iii), the
35 certification must also include the name and address of each member of
36 the company;

37 (ii) The applicant's tax registration number;

1 (iii) That the electricity produced by the applicant meets the
2 definition of "customer-generated electricity" and that the renewable
3 energy system produces electricity with:

4 (A) Any solar inverters and solar modules manufactured in
5 Washington state;

6 (B) A wind generator powered by blades manufactured in Washington
7 state;

8 (C) A solar inverter manufactured in Washington state;

9 (D) A solar module manufactured in Washington state;

10 (E) A stirling converter manufactured in Washington state; or

11 (F) Solar or wind equipment manufactured outside of Washington
12 state;

13 (iv) That the electricity can be transformed or transmitted for
14 entry into or operation in parallel with electricity transmission and
15 distribution systems; ((and))

16 (v) The date that the renewable energy system received its final
17 electrical permit from the applicable local jurisdiction; and

18 (vi) The date that a production meter or other meter capable of
19 determining the system's electricity production within a ninety-eight
20 percent degree of accuracy became operable.

21 (b) Within thirty days of receipt of the ((certification))
22 application the department of revenue must notify the applicant by
23 mail, or electronically as provided in RCW 82.32.135, whether the
24 renewable energy system qualifies for an incentive under this section.
25 The department may consult with the climate and rural energy
26 development center to determine eligibility for the incentive. System
27 ((certifications)) applications and the information contained therein
28 are subject to disclosure under RCW 82.32.330(3)(l).

29 (3)(a) ((By August 1st of each year application for the incentive
30 must be made to the light and power business serving the situs of the
31 system by certification in a form and manner prescribed by the
32 department that includes, but is not limited to, the following
33 information:

34 (i) The name and address of the applicant and location of the
35 renewable energy system.

36 (A) If the applicant is an administrator of a community solar
37 project as defined in RCW 82.16.110(2)(a)(i), the application must also

1 include the name and address of each of the owners of the community
2 solar project.

3 (B) If the applicant is a company that owns a community solar
4 project as defined in RCW 82.16.110(2)(a)(iii), the application must
5 also include the name and address of each member of the company;

6 (ii) The applicant's tax registration number;

7 (iii) The date of the notification from the department of revenue
8 stating that the renewable energy system is eligible for the incentives
9 under this section; and

10 (iv) A statement of the amount of kilowatt hours generated by the
11 renewable energy system in the prior fiscal year.

12 (b) Within sixty days of receipt of the incentive certification the
13 light and power business serving the situs of the system must notify
14 the applicant in writing whether the incentive payment will be
15 authorized or denied. The business may consult with the climate and
16 rural energy development center to determine eligibility for the
17 incentive payment. Incentive certifications and the information
18 contained therein are subject to disclosure under RCW 82.32.330(3)(l)).
19 An applicant, who has qualified to receive the incentive provided in
20 subsection (1) of this section, is a certified participant. Except as
21 provided pursuant to a waiver under (c) of this subsection, by August
22 1st of each year, in order to receive an annual incentive payment, the
23 certified participant must submit to the light and power business
24 serving the situs of the system a statement of the kilowatt-hours
25 generated by the renewable energy system in the prior fiscal year.

26 (i) The statement must be in the form of a sworn affidavit signed
27 by the system owners or, in the case of a community solar project,
28 system administrators.

29 (ii) The amount of kilowatt-hours generated by the system over the
30 course of the year may be determined by reading a production meter, or
31 any other meter that is ninety-eight percent accurate, including a
32 meter that reads an inverter connected to the system.

33 (b) Incentive certifications and the information contained therein
34 are subject to disclosure under RCW 82.32.330(3)(l).

35 (c) If the light and power business serving the situs of the system
36 has the ability to remotely read the kilowatt-hours generated by the
37 renewable energy system, it may apply for a waiver excusing a certified

1 participant from filing the annual statement required in (a) of this
2 subsection.

3 (i) The light and power business must submit an application for the
4 waiver in the form and manner prescribed by the department.

5 (ii) The application must state the meter reading methods that will
6 be used by the light and power business and state the estimated
7 accuracy of such methods. If the stated accuracy of the meter reading
8 method is ninety-eight percent or greater, the waiver must be granted
9 unless the department proves a less accurate read rate.

10 (iii) Upon notice that the department has granted the waiver, the
11 light and power business must notify the certified participant that it
12 is excused from the reporting requirement established in (a) of this
13 subsection.

14 (d) Within sixty days of receipt of the sworn statement described
15 in (a) of this subsection, or, when a waiver is in place, by August 1st
16 of each year, the light and power business serving the situs of the
17 system must notify the applicant in writing whether the incentive
18 payment will be authorized or denied.

19 ((+e)) (e)(i) Persons, administrators of community solar projects,
20 and companies receiving incentive payments must keep and preserve, for
21 a period of five years, suitable records as may be necessary to
22 determine the amount of incentive applied for and received. Such
23 records must be open for examination at any time upon notice by the
24 light and power business that made the payment or by the department.
25 If upon examination of any records or from other information obtained
26 by the business or department it appears that an incentive has been
27 paid in an amount that exceeds the correct amount of incentive payable,
28 the business may assess against the person for the amount found to have
29 been paid in excess of the correct amount of incentive payable and must
30 add thereto interest on the amount. Interest is assessed in the manner
31 that the department assesses interest upon delinquent tax under RCW
32 82.32.050.

33 (ii) If it appears that the amount of incentive paid is less than
34 the correct amount of incentive payable the business may authorize
35 additional payment.

36 (4) Except for community solar projects, the investment cost
37 recovery incentive may be paid fifteen cents per economic development
38 kilowatt-hour unless requests exceed the amount authorized for credit

1 to the participating light and power business. For community solar
2 projects, the investment cost recovery incentive may be paid thirty
3 cents per economic development kilowatt-hour unless requests exceed the
4 amount authorized for credit to the participating light and power
5 business. For the purposes of this section, the rate paid for the
6 investment cost recovery incentive may be multiplied by the following
7 factors:

8 (a) For customer-generated electricity produced using solar modules
9 manufactured in Washington state or a solar stirling converter
10 manufactured in Washington state, two and four-tenths;

11 (b) For customer-generated electricity produced using a solar or a
12 wind generator equipped with an inverter manufactured in Washington
13 state, one and two-tenths;

14 (c) For customer-generated electricity produced using an anaerobic
15 digester, or by other solar equipment or using a wind generator
16 equipped with blades manufactured in Washington state, one; and

17 (d) For all other customer-generated electricity produced by wind,
18 eight-tenths.

19 (5)(a) No individual, household, business, or local governmental
20 entity is eligible for incentives provided under subsection ((4)) (1)
21 of this section for more than five thousand dollars per year.

22 (b) Except as provided in (c) through (e) of this subsection (5),
23 each applicant in a community solar project is eligible for up to five
24 thousand dollars per year.

25 (c) Where the applicant is an administrator of a community solar
26 project as defined in RCW 82.16.110((+2+)) (3)(a)(i), each owner is
27 eligible for an incentive but only in proportion to the ownership share
28 of the project, up to five thousand dollars per year.

29 (d) Where the applicant is a company owning a community solar
30 project that has applied for an investment cost recovery incentive on
31 behalf of its members, each member of the company is eligible for an
32 incentive that would otherwise belong to the company but only in
33 proportion to each ownership share of the company, up to five thousand
34 dollars per year. The company itself is not eligible for incentives
35 under this section.

36 (e) In the case of a utility-owned community solar project, each
37 ratepayer that contributes to the project is eligible for an incentive

1 in proportion to the contribution, up to five thousand dollars per
2 year.

3 (6) If requests for the investment cost recovery incentive exceed
4 the amount of funds available for credit to the participating light and
5 power business, the incentive payments must be reduced proportionately.

6 (7) The climate and rural energy development center at Washington
7 State University energy program may establish guidelines and standards
8 for technologies that are identified as Washington manufactured and
9 therefore most beneficial to the state's environment.

10 (8) The environmental attributes of the renewable energy system
11 belong to the applicant, and do not transfer to the state or the light
12 and power business upon receipt of the investment cost recovery
13 incentive.

14 ~~((+9) No incentive may be paid under this section for kilowatt-
15 hours generated before July 1, 2005, or after June 30, 2020.))~~

16 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.16 RCW
17 to read as follows:

18 (1) Beginning July 1, 2013, any person, as defined in RCW
19 82.04.030, not in the light and power business may apply to the
20 commission to receive a voucher entitling it to receive annual
21 incentive payments for a term of ten years for each kilowatt-hour of
22 electricity generated by a customer-generated electricity renewable
23 energy system, from the utility serving the situs of the system. The
24 annual incentive payment is limited as follows:

25 (a) No incentive may be paid for any kilowatt-hours generated in
26 excess of the net kilowatt-hours consumed at the metered location;

27 (b) No incentive may be paid for a system that has already received
28 incentive payments under RCW 82.16.120; and

29 (c) The annual incentive payment that a system may receive is
30 capped at twenty-five thousand dollars.

31 (2) To be eligible to receive a voucher, the applicant must be:

32 (a) A customer of a light and power business that has chosen to
33 participate in the incentive program established in this section, and
34 which participated in the investment cost recovery incentive program
35 established in RCW 82.16.120 by claiming an investment cost recovery
36 credit against taxes due; and

1 (b) The meter holder, meaning the party responsible to the utility
2 for paying for electricity transmitted to the situs of a customer-
3 generated electricity renewable energy system.

4 (3) Beginning July 1, 2013, to receive incentive payments under
5 this section, an applicant must submit to the commission a completed
6 application using the form established by the department in RCW
7 82.16.120(2), or a form later established by the commission. The
8 commission is authorized to develop and implement an application form
9 different from the one developed by the department, but the form must
10 at a minimum include the information required in RCW 82.16.120(2).

11 (4)(a) Within thirty days of receipt of the application, the
12 commission must notify the applicant by mail, or electronically as
13 provided in RCW 82.32.135, whether the renewable energy system
14 qualifies for the voucher under this section. If the commission has
15 determined that the system qualifies for a voucher, within five days of
16 notifying the applicant, the commission must transmit the voucher to
17 the utility serving the situs of the system.

18 (b) The voucher must state the first day of the ten-year term and
19 the last day for which the system qualifies to receive incentive
20 payments from the utility. The term must begin on the interconnection
21 date. For the purposes of this subsection, "interconnection date"
22 means the first day that the customer-generated electricity renewable
23 energy system begins producing energy at a meter connected to the power
24 grid.

25 (5) Applications, vouchers, and the information contained therein
26 are subject to disclosure under RCW 82.32.330(3)(1).

27 (6) The utility, upon receiving the voucher, must make incentive
28 payments for each kilowatt-hour of electricity generated, at the rate
29 established in subsection (12) or (13) of this section. In return, the
30 utility must receive tax credits equal in value to the incentive
31 payments, as provided in RCW 82.16.130(2).

32 (a) A utility that chooses to participate in the voucher program
33 created in this section may cease to accept vouchers for new systems at
34 any time, but must continue to make payments pursuant to any existing
35 voucher for its entire term.

36 (b) If, during the ten-year term of the voucher, there is a change
37 in the meter holder and a new party becomes financially responsible to
38 the utility, the voucher must be transferrable to the new meter holder,

1 provided that the new meter holder is also an individual, business, or
2 local governmental entity eligible to receive payments under this
3 section.

4 (c) Throughout the duration of the voucher, the incentive must be
5 paid at the same rate that is in effect on the first date of the ten-
6 year term.

7 (7) On or before July 1st of each year, the utility must provide a
8 statement to the commission and to the department with the
9 interconnection dates for any new systems that sought incentive
10 payments pursuant to this section, as well as the names of the meter
11 holders for those systems.

12 (8) In order to receive incentive payments from the utility, by
13 August 1st, a customer must submit to the utility a statement of the
14 kilowatt-hours generated by the renewable energy system in the prior
15 fiscal year.

16 (a) The statement must be in the form of a sworn affidavit signed
17 by the meter holder.

18 (b) The amount of kilowatt-hours generated by the system over the
19 course of the year may be determined by reading a production meter, or
20 any other meter that is ninety-eight percent accurate, including a
21 meter that reads an inverter connected to the system.

22 (9) If the utility serving the situs of the system has the ability
23 to remotely read the kilowatt-hours generated by the renewable energy
24 system, it may apply to the commission for a waiver excusing a customer
25 from filing the annual statement required in subsection (8) of this
26 section.

27 (a) The utility must submit an application in the form and manner
28 prescribed by the commission, stating the meter reading methods that
29 will be used by the utility and the estimated accuracy of such methods.

30 (b) If the commission grants the waiver, it must notify the utility
31 and the customer that it is excused from the reporting requirement
32 established in subsection (8) of this section.

33 (10) Within sixty days of receipt of the sworn statement described
34 in subsection (8) of this section, or, when a waiver is in place, by
35 October 1st of each year, the utility must transmit the incentive
36 payment to the customer, or inform the customer that the payment is
37 denied, describing the basis for denial of the payment.

1 (11) Customers receiving incentive payments and utilities making
2 payments must keep and preserve, for a period of five years, suitable
3 records as may be necessary to determine the amount of incentive
4 applied for and received.

5 (a) Such records must be open for examination at any time upon
6 notice by the utility that made the payment, the commission, or the
7 department.

8 (b) If upon examination of any records or from other information
9 obtained by the utility, commission, or department it appears that an
10 incentive has been paid in an amount that exceeds the correct amount of
11 incentive payable, the utility may assess against the person for the
12 amount found to have been paid in excess of the correct amount of
13 incentive payable and must add thereto interest on the amount.
14 Interest is assessed in the manner that the department assesses
15 interest upon delinquent tax under RCW 82.32.050.

16 (c) If it appears that the amount of incentive paid is less than
17 the correct amount of incentive payable, the utility may authorize
18 additional payment.

19 (12) Beginning July 1, 2013, and until at least June 30, 2018, the
20 incentive must be paid at a base rate of fifteen cents per economic
21 development kilowatt-hour. The base rate paid for the investment cost
22 recovery incentive may be multiplied by the following factors:

23 (a) For customer-generated electricity produced using solar modules
24 manufactured in Washington state or a solar stirling converter
25 manufactured in Washington state, two and four-tenths;

26 (b) For customer-generated electricity produced using a solar or a
27 wind generator equipped with an inverter manufactured in Washington
28 state, one and two-tenths;

29 (c) For customer-generated electricity produced using an anaerobic
30 digester, or by other solar equipment or using a wind generator
31 equipped with blades manufactured in Washington state, one; and

32 (d) For all other customer-generated electricity produced by wind,
33 eight-tenths.

34 (13) The commission is authorized to adjust the base rate and
35 multipliers, effective July 1, 2018, and applicable to any vouchers
36 awarded after that date. The rate may be adjusted to reflect decreases
37 in the capital costs of purchasing and installing a renewable energy
38 system, changes in the leveled costs of such systems, or other

1 factors that the commission deems relevant to fulfilling the purpose of
2 incentivizing job growth and the environmental and economic benefits of
3 renewable energy in the state.

4 (14) The commission must award vouchers under this section on a
5 first-come, first-served basis. The total cap on credits that may be
6 awarded pursuant to RCW 82.16.120 and this section, combined, is
7 established in RCW 82.16.130(7) as 0.4 percent of the participating
8 utilities' annual taxable sales. Consequently, in determining the
9 dollar amount of vouchers that may be awarded under this section, the
10 commission must first estimate the phase I allocation, which is the
11 number of credits that are allocated to utilities in exchange for
12 payments made under RCW 82.16.120, setting aside additional credits to
13 account for possible fluctuations, such as year-to-year differences in
14 the annual sun regimen.

15 (a) The commission is authorized to award phase II vouchers for an
16 annual amount that is the difference between the 0.4 percent credit cap
17 and the phase I allocation.

18 (b) Furthermore, it is the intent of the legislature that enough
19 credits be allocated to the phase II program to allow for full
20 development of the systems eligible for the phase II credit.
21 Therefore, to ensure the availability of phase II credits, the
22 commission may increase the amount allocated in (a) of this subsection
23 to a light and power business by transferring additional credits back
24 from the competitive pool, in the manner described in section 5(4) of
25 this act.

26 (15) For the purposes of this section, "utility" means a light and
27 power business.

28 **Sec. 4.** RCW 82.16.130 and 2010 c 202 s 3 are each amended to read
29 as follows:

30 (1) A light and power business ((shall be)) is allowed a credit
31 against taxes due under this chapter in an amount equal to the
32 investment cost recovery incentive payments made in any fiscal year
33 under RCW 82.16.120. The credit shall be taken in a form and manner as
34 required by the department. ((The credit under this section for the
35 fiscal year may not exceed one half percent of the businesses' taxable
36 power sales due under RCW 82.16.020(1)(b) or one hundred thousand
37 dollars, whichever is greater.))

1 (2) A light and power business is allowed a credit against taxes
2 due under this chapter in an amount equal to the investment cost
3 recovery incentive payments made in any fiscal year under section 3 of
4 this act.

5 (3) A light and power business is allowed a credit against taxes
6 due under this chapter in an amount equal to payments made in any
7 fiscal year under the green jobs competitive pool program established
8 in section 5 of this act.

9 (4) No entity may claim double credit by seeking or retaining
10 payment or credit for the same electricity generation pursuant to more
11 than one of the programs established in RCW 82.16.120 and section 3 and
12 5 of this act.

13 (5) Incentive payments to participants in a utility-owned community
14 solar project as defined in RCW 82.16.110((+2)) (3)(a)(ii) may only
15 account for up to twenty-five percent of the total allowable credit.
16 Incentive payments to participants in a company-owned community solar
17 project as defined in RCW 82.16.110((+2)) (3)(a)(iii) may only account
18 for up to five percent of the total allowable credit.

19 (6) The total credit claimed under this section may not exceed the
20 tax that would otherwise be due under this chapter. Refunds ((~~shall~~))
21 may not be granted in the place of credits. Expenditures not used to
22 earn a credit in one fiscal year may not be used to earn a credit in
23 subsequent years.

24 ((+2)) (7) The total credit available to a light and power
25 business under RCW 82.16.120 and section 3 of this act is capped at 0.4
26 percent of participating utilities' annual taxable power sales, except
27 as otherwise provided in sections 3(14) and 5(4) of this act.

28 (8) For any light and power business that has claimed credit for
29 amounts that exceed the correct amount of the incentive payable under
30 RCW 82.16.120((-)) or, section 3 or 5 of this act the amount of tax
31 against which credit was claimed for the excess payments ((~~shall be~~))
32 is immediately due and payable. The department ((~~shall~~)) must assess
33 interest but not penalties on the taxes against which the credit was
34 claimed. Interest ((~~shall be~~)) is assessed at the rate provided for
35 delinquent excise taxes under chapter 82.32 RCW, retroactively to the
36 date the credit was claimed, and ((~~shall~~)) accrues until the taxes
37 against which the credit was claimed are repaid.

1 ((+3) The right to earn tax credits under this section expires June
2 30, 2020. Credits may not be claimed after June 30, 2021.) (9) For
3 incentive payments made pursuant to RCW 82.16.120, the right to earn
4 tax credits under this section expires June 30, 2020, and credits may
5 not be claimed after June 30, 2021. For incentive payments made
6 pursuant to sections 3 and 5 of this act, the right to earn tax credits
7 under this section expires June 30, 2030, and credits may not be
8 claimed after June 30, 2031.

9 ~~NEW SECTION.~~ **Sec. 5.** A new section is added to chapter 43.180 RCW
10 to read as follows:

11 (1) There is hereby created within the sustainable energy trust
12 program a green jobs competitive pool program. The purpose of the
13 green jobs competitive pool is to award incentive payments by a
14 competitive process that will promote installation of renewable energy
15 systems in the state of Washington, giving preference to systems that
16 present the highest economic and environmental value to the state.

17 (2) Beginning July 1, 2014, any person, as defined in RCW
18 82.04.030, who owns a renewable energy system with a generating
19 capacity of up to one hundred kilowatts may apply to the commission to
20 be awarded a voucher, entitling that person to receive payments from
21 the light and power business serving that system for a term of ten
22 years. Renewable energy systems, for which any person has already
23 received incentive payments pursuant to RCW 82.16.120 or section 3 of
24 this act, are not eligible to be awarded a voucher.

25 (a) By November 1, 2013, the commission must establish objective,
26 competitive criteria for awarding the voucher. The identity of the
27 light and power business serving the applicant may not be given weight
28 in the award of applications. The commission must give weight and
29 preference to applicants that are a nonprofit, educational, charitable,
30 or other entity that is exempt from taxation under Title 26 U.S.C. Sec.
31 501(c)(3) of the federal internal revenue code of 1986, as amended, as
32 of the effective date of this section. A preference must also be given
33 to community projects that encourage a large number of community
34 members to participate in ownership of the system. In priority order,
35 the criteria must include, but are not limited to:

36 (i) The amount of payment, in cents per kilowatt-hour, the
37 applicant is seeking;

1 (ii) Whether the system contains Washington-manufactured components
2 or components manufactured in compliance with state environmental and
3 labor laws;

4 (iii) The system's estimated levelized cost per kilowatt-hour
5 generated;

6 (iv) The degree to which installation of the system or type of
7 system contributes to verifiable job creation in the state of
8 Washington; and

9 (v) The degree to which the state investment of green job tax
10 credits pursuant to the voucher leverages nonstate funds.

11 (b) The commission must develop a form to be used by applicants for
12 the green jobs voucher. The form must include, but is not limited to,
13 the following information:

14 (i) The name and address of the applicant;

15 (ii) The location, capacity, and anticipated power generation of
16 the renewable energy system;

17 (iii) The name and address of each of the legal owners of the
18 system, if different from the applicant;

19 (iv) The owners' tax registration numbers;

20 (v) Specifications for the system, including the extent to which
21 the system includes:

22 (A) Any solar inverters and solar modules manufactured in
23 Washington state;

24 (B) A wind generator powered by blades manufactured in Washington
25 state;

26 (C) A stirling converter manufactured in Washington state;

27 (D) Other components manufactured in Washington state; and

28 (E) Solar, wind, or other equipment manufactured outside of
29 Washington state;

30 (vi) A certification that the electricity can be transformed or
31 transmitted for entry into or operation in parallel with electricity
32 transmission and distribution systems;

33 (vii) A list of any nonstate incentives that the applicant is
34 planning to seek to further subsidize the system costs;

35 (viii) The date that the renewable energy system received or
36 expects to receive its final electrical permit from the applicable
37 local jurisdiction and the date that a production meter or other meter

1 capable of determining the system's electricity production within a
2 ninety-eight percent degree of accuracy became or is expected to become
3 operable; and

4 (ix) The amount of payment, in cents per kilowatt-hour, the
5 applicant is seeking.

6 (c) Upon determining that a person is to be awarded the voucher
7 provided in this section, the commission must notify the applicant that
8 the system has been certified to receive the incentive for a ten-year
9 term. The term must begin on the day after the date that the system
10 has been certified by the commission, or the day that the system is
11 interconnected with the utility and a production meter or other
12 accurate meter becomes operable on site, whichever date is later. The
13 commission must also present a certificate to the light and power
14 business serving the situs of the system, informing the light and power
15 business of:

16 (i) The amount of incentive payment, in cents per kilowatt-hour of
17 electricity produced by that system, that the light and power business
18 must make to the system owner for a term of ten years; and

19 (ii) The first day of the ten-year term for which the utility must
20 make incentive payments pursuant to the voucher.

21 (3) No new vouchers may be awarded pursuant to this section after
22 June 30, 2024.

23 (4)(a) Each year, the commission must calculate the amount of
24 voucher credits available to be disbursed.

25 (b) The upper limit of the amount available to the competitive pool
26 each year must be determined by aggregating 0.1 percent of the taxable
27 sales due in the prior fiscal year under RCW 82.16.020(1)(b) for each
28 of the utilities who participated in the investment cost recovery
29 program established in RCW 82.16.120. However, the commission must
30 remove credits available under this 0.1 percent aggregate cap from the
31 competitive pool and reallocate them, as necessary, to a utility that
32 is reaching the limit established for phase II credits under section 3
33 of this act.

34 (i) By July 1, 2014, the commission must establish and publicize a
35 process and objective standards by which it will determine if a light
36 and power business is approaching the limit, established in RCW
37 82.16.130(7), for credits available under the phase II program.

1 (ii) If the commission determines that a light and power business
2 is approaching this limit and as a result, there is a negative impact
3 on the growth and development of new renewable energy systems served by
4 that utility, the commission must transfer credits from the green jobs
5 competitive pool back to that utility.

6 (iii) By December 1st of each year, beginning in 2015, the
7 commission must announce whether it is reserving and making available
8 additional credits to any light and power business for the phase II
9 incentive program established in section 3 of this act.

10 (5) The commission is authorized to fix, revise, and collect fees
11 and charges in connection with the creation and implementation of the
12 green jobs competitive pool, in addition to exercising any general
13 power already set forth in RCW 43.180.080(6).

14 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.16 RCW
15 to read as follows:

16 (1) The legislature finds that accountability and the effectiveness
17 of attempts to foster job creation and retention are important aspects
18 of setting tax policy. In order to make policy choices regarding the
19 best use of limited state resources, the legislature needs to know how
20 the incentives are used, and the degree to which they meet the
21 legislature's intent.

22 (2) The "national solar jobs census 2011" produced by the solar
23 foundation states that there were 2,301.37 solar-related jobs in
24 Washington in 2011, and ranks Washington twelfth of the fifty states
25 for solar-related employment. The "national solar jobs census 2011"
26 also states that Washington has 3.42 solar-related jobs per ten
27 thousand residents, and ranks Washington tenth of the fifty states for
28 per capita solar-related employment.

29 (3) The performance milestones to be reached by 2021 as a result of
30 the tax credits awarded under RCW 82.16.120, 82.16.130, and 43.180.260
31 are as follows:

32 (a) As measured by the "national solar jobs census" or other
33 equivalent study of solar-related employment:

34 (i) An increase in the total number and per capita rate of solar-
35 related jobs in Washington; and

36 (ii) Achievement of a top ten ranking for solar-related employment
37 and a top nine ranking for per capita solar-related employment;

1 (b) A one hundred percent increase in the utilization of the tax
2 credits awarded under this chapter, from the 3,119 installed solar
3 systems in 2012 to 6,238 installed solar systems;

4 (c) A one hundred percent increase in the amount of installed solar
5 system megawatts, from 1.6093 megawatts to 3.22 megawatts; and

6 (d) Increases in renewable-related employment and utilization of
7 the other renewable generating resources covered in this act, from a
8 baseline, to be determined by the commission.

9 (4) The commission, in consultation with the Washington State
10 University energy program, must measure the amount of progress towards
11 achieving the outcomes described in subsection (3) of this section.
12 Subject to data availability, the measures must include, but are not
13 limited to:

14 (a) The total number and per capita rate of solar-related jobs in
15 Washington;

16 (b) Washington's national ranking for solar-related employment and
17 per capita solar-related employment;

18 (c) The number of installed solar systems;

19 (d) The amount of installed solar system electricity generation
20 capacity, as measured in megawatts;

21 (e) The levels of renewable-related employment and utilization of
22 the other renewable generating resources covered in this act as
23 determined by the commission;

24 (f) The average efficiency rate of the conversion of natural energy
25 into electricity;

26 (g) The average price per kilowatt-hour generated; and

27 (h) The degree to which the state investment leverages nonstate
28 funds as measured by:

29 (i) The total amount of tax credits awarded in Washington and
30 within each county; and

31 (ii) The total amount of nonstate funds leveraged in Washington and
32 within each county.

33 (5) All recipients of tax credits awarded under this chapter must
34 provide the commission with any data requested for reporting purposes.
35 Failure to comply may result in the loss of a tax credit award in the
36 following year.

37 (6) By December 31st each year, beginning in 2014, and in

1 compliance with RCW 43.01.036, the commission must submit a report to
2 the legislature that details the progress achieved in reaching the
3 intended outcomes specified in this section.

4 **Sec. 7.** RCW 82.16.110 and 2011 c 179 s 2 are each amended to read
5 as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Administrator" means an owner and assignee of a community
9 solar project as defined in subsection ~~((2))~~ (3)(a)(i) of this
10 section that is responsible for applying for the investment cost
11 recovery incentive on behalf of the other owners and performing such
12 administrative tasks on behalf of the other owners as may be necessary,
13 such as receiving investment cost recovery incentive payments, and
14 allocating and paying appropriate amounts of such payments to the other
15 owners.

16 (2) "Commission" means the Washington state housing finance
17 commission as defined in RCW 43.180.020.

18 (3)(a) "Community solar project" means:

19 (i) A solar energy system that is capable of generating up to
20 seventy-five kilowatts of electricity and is owned by local
21 individuals, households, nonprofit organizations, or nonutility
22 businesses that is placed on the property owned by a cooperating local
23 governmental entity that is not in the light and power business or in
24 the gas distribution business;

25 (ii) A utility-owned solar energy system that is capable of
26 generating up to seventy-five kilowatts of electricity and that is
27 voluntarily funded by the utility's ratepayers where, in exchange for
28 their financial support, the utility gives contributors a payment or
29 credit on their utility bill for the value of the electricity produced
30 by the project; or

31 (iii) A solar energy system, placed on the property owned by a
32 cooperating local governmental entity that is not in the light and
33 power business or in the gas distribution business, that is capable of
34 generating up to seventy-five kilowatts of electricity, and that is
35 owned by a company whose members are each eligible for an investment
36 cost recovery incentive for the same customer-generated electricity as
37 provided in RCW 82.16.120.

1 (b) For the purposes of "community solar project" as defined in (a)
2 of this subsection:

3 (i) "Company" means an entity that is:

4 (A)(I) A limited liability company;

5 (II) A cooperative formed under chapter 23.86 RCW; or

6 (III) A mutual corporation or association formed under chapter
7 24.06 RCW; and

8 (B) Not a "utility" as defined in this subsection ((+2)) (3)(b);
9 and

10 (ii) "Nonprofit organization" means an organization exempt from
11 taxation under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue
12 code of 1986, as amended, as of January 1, 2009; and

13 (iii) "Utility" means a light and power business, an electric
14 cooperative, or a mutual corporation that provides electricity service.

15 ((+3)) (4) "Customer-generated electricity" means a community
16 solar project or the alternating current electricity that is generated
17 from a renewable energy system located in Washington and installed on
18 an individual's, businesses', or local government's real property that
19 is also provided electricity generated by a light and power business.
20 Except for community solar projects, a system located on a leasehold
21 interest does not qualify under this definition. Except for utility-
22 owned community solar projects, "customer-generated electricity" does
23 not include electricity generated by a light and power business with
24 greater than one thousand megawatt hours of annual sales or a gas
25 distribution business.

26 ((+4)) (5) "Economic development kilowatt-hour" means the actual
27 kilowatt-hour measurement of customer-generated electricity multiplied
28 by the appropriate economic development factor.

29 ((+5)) (6) "Local governmental entity" means any unit of local
30 government of this state including, but not limited to, counties,
31 cities, towns, municipal corporations, quasi-municipal corporations,
32 special purpose districts, and school districts.

33 ((+6)) (7) "Photovoltaic cell" means a device that converts light
34 directly into electricity without moving parts.

35 ((+7)) (8) "Renewable energy system" means a solar energy system,
36 an anaerobic digester as defined in RCW 82.08.900, or a wind generator
37 used for producing electricity.

1 ((+8))) (9) "Solar energy system" means any device or combination
2 of devices or elements that rely upon direct sunlight as an energy
3 source for use in the generation of electricity.

4 ((+9))) (10) "Solar inverter" means the device used to convert
5 direct current to alternating current in a solar energy system.

6 ((+10))) (11) "Solar module" means the smallest nondivisible self-
7 contained physical structure housing interconnected photovoltaic cells
8 and providing a single direct current electrical output.

9 ((+11))) (12) "Stirling converter" means a device that produces
10 electricity by converting heat from a solar source utilizing a stirling
11 engine.

12 NEW SECTION. **Sec. 8.** If any provision of this act or its
13 application to any person or circumstance is held invalid, the
14 remainder of the act or the application of the provision to other
15 persons or circumstances is not affected.

16 NEW SECTION. **Sec. 9.** If a state, federal, or international
17 tribunal determines that substantive criteria established in this act
18 for awarding incentives violate statutory or treaty law, the housing
19 finance commission must not use those criteria but instead must
20 substitute new criteria, adopted after notice and in consultation with
21 stakeholders and state agencies. These criteria must be chosen in
22 light of the legislature's intent to increase the wage level of jobs in
23 our state, inure to our state the environmental benefits of clean
24 energy, and minimize the state's carbon footprint. Consequently, the
25 new criteria must award systems that were manufactured in compliance
26 with state environmental standards and occupational health and safety
27 regulations to the fullest extent feasible under law.

28 NEW SECTION. **Sec. 10.** This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of the
30 state government and its existing public institutions, and takes effect
31 July 1, 2013.

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