

SSB 5101 - H COMM AMD  
By Committee on Finance

ADOPTED 04/13/2005

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that the use of  
4 renewable energy resources generated from local sources such as solar  
5 and wind power benefit our state by reducing the load on the state's  
6 electric energy grid, by providing nonpolluting sources of electricity  
7 generation, and by the creation of jobs for local industries that  
8 develop and sell renewable energy products and technologies.

9 The legislature finds that Washington state has become a national  
10 and international leader in the technologies related to the solar  
11 electric markets. The state can support these industries by providing  
12 incentives for the purchase of locally made renewable energy products.  
13 Locally made renewable technologies benefit and protect the state's  
14 environment. The legislature also finds that the state's economy can  
15 be enhanced through the creation of incentives to develop additional  
16 renewable energy industries in the state.

17 The legislature intends to provide incentives for the greater use  
18 of locally created renewable energy technologies, support and retain  
19 existing local industries, and create new opportunities for renewable  
20 energy industries to develop in Washington state.

21 NEW SECTION. **Sec. 2.** The definitions in this section apply  
22 throughout this chapter unless the context clearly requires otherwise.

23 (1) "Customer-generated electricity" means the alternating current  
24 electricity that is generated from a renewable energy system located on  
25 an individual's, businesses', or local government's real property that  
26 is also provided electricity generated by a light and power business.  
27 A system located on a leasehold interest does not qualify under this  
28 definition. "Customer-generated electricity" does not include

1 electricity generated by a light and power business with greater than  
2 one thousand megawatt hours of annual sales or a gas distribution  
3 business.

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

7 (3) "Photovoltaic cell" means a device that converts light directly  
8 into electricity without moving parts.

9 (4) "Renewable energy system" means a solar energy system, an  
10 anaerobic digester as defined in RCW 82.08.900, or a wind generator  
11 used for producing electricity.

12 (5) "Solar energy system" means any device or combination of  
13 devices or elements that rely upon direct sunlight as an energy source  
14 for use in the generation of electricity.

15 (6) "Solar inverter" means the device used to convert direct  
16 current to alternating current in a photovoltaic cell system.

17 (7) "Solar module" means the smallest nondivisible self-contained  
18 physical structure housing interconnected photovoltaic cells and  
19 providing a single direct current electrical output.

20 (8) "Standards for interconnection to the electric distribution  
21 system" means technical, engineering, operational, safety, and  
22 procedural requirements for interconnection to the electric  
23 distribution system of a light and power business.

24 NEW SECTION. **Sec. 3.** (1) Any individual, business, or local  
25 governmental entity, not in the light and power business or in the gas  
26 distribution business, may apply to the light and power business  
27 serving the situs of the system, each fiscal year beginning on July 1,  
28 2005, for an investment cost recovery incentive for each kilowatt-hour  
29 from a customer-generated electricity renewable energy system installed  
30 on its property. No incentive may be paid for kilowatt-hours generated  
31 before July 1, 2005, or after June 30, 2012.

32 (2)(a) Before submitting the application for the incentive allowed  
33 under this section, the applicant shall submit to the department of  
34 revenue and to the climate and rural energy development center at the  
35 Washington State University, established under RCW 28B.30.642, a  
36 certification in a form and manner prescribed by the department that  
37 includes, but is not limited to, the following information:

1 (i) The name and address of the applicant and location of the  
2 renewable energy system;

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

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

7 (A) Any solar inverters and solar modules manufactured in  
8 Washington state;

9 (B) A wind generator powered by blades manufactured in Washington  
10 state;

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

12 (D) A solar module manufactured in Washington state; or

13 (E) Solar or wind equipment manufactured outside of Washington  
14 state;

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

18 (v) The date that the renewable energy system received its final  
19 electrical permit from the applicable local jurisdiction.

20 (b) Within thirty days of receipt of the certification the  
21 department of revenue shall advise the applicant in writing whether the  
22 renewable energy system qualifies for an incentive under this section.  
23 The department may consult with the climate and rural energy  
24 development center to determine eligibility for the incentive. System  
25 certifications and the information contained therein are subject to  
26 disclosure under RCW 82.32.330(3)(m).

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

32 (i) The name and address of the applicant and location of the  
33 renewable energy system;

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

35 (iii) The date of the letter from the department of revenue stating  
36 that the renewable energy system is eligible for the incentives under  
37 this section;

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

3 (b) Within sixty days of receipt of the incentive certification the  
4 light and power business serving the situs of the system shall notify  
5 the applicant in writing whether the incentive payment will be  
6 authorized or denied. The business may consult with the climate and  
7 rural energy development center to determine eligibility for the  
8 incentive payment. Incentive certifications and the information  
9 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

10 (c)(i) Persons receiving incentive payments shall keep and  
11 preserve, for a period of five years, suitable records as may be  
12 necessary to determine the amount of incentive applied for and  
13 received. Such records shall be open for examination at any time upon  
14 notice by the light and power business that made the payment or by the  
15 department. If upon examination of any records or from other  
16 information obtained by the business or department it appears that an  
17 incentive has been paid in an amount that exceeds the correct amount of  
18 incentive payable, the business may assess against the person for the  
19 amount found to have been paid in excess of the correct amount of  
20 incentive payable and shall add thereto interest on the amount.

21 (ii) If it appears that the amount of incentive paid is less than  
22 the correct amount of incentive payable the business may authorize  
23 additional payment.

24 (4) The investment cost recovery incentive may be paid fifteen  
25 cents per economic development kilowatt-hour unless requests exceed the  
26 amount authorized for credit to the participating light and power  
27 business. For the purposes of this section, the rate paid for the  
28 investment cost recovery incentive may be multiplied by the following  
29 factors:

30 (a) For customer-generated electricity produced using solar modules  
31 manufactured in Washington state, two and four-tenths;

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

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

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

3 (5) No individual, household, business, or local governmental  
4 entity is eligible for incentives for more than two thousand dollars  
5 per year.

6 (6) If requests for the investment cost recovery incentive exceed  
7 the amount of funds available for credit to the participating light and  
8 power business, the incentive payments shall be reduced  
9 proportionately.

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

14 (8) The environmental attributes of the renewable energy system  
15 belong to the applicant, and do not transfer to the state or the light  
16 and power business upon receipt of the investment cost recovery  
17 incentive.

18 NEW SECTION. **Sec. 4.** (1) Except as otherwise provided under this  
19 section, the investment cost recovery incentive payment under section  
20 3 of this act applies only to customer-generated electricity renewable  
21 energy systems that are not interconnected to an electric distribution  
22 system.

23 (2) When light and power businesses serving eighty percent of the  
24 total customer load in the state adopt uniform standards for  
25 interconnection to the electric distribution system, the investment  
26 cost recovery incentive payment under section 3 of this act shall apply  
27 to both customer-generated electricity renewable energy systems that  
28 are not interconnected to an electric distribution system and to  
29 customer-generated electricity renewable energy systems that are  
30 interconnected to an electric distribution system.

31 (3) For the purposes of this section, uniform standards for  
32 interconnection to the electric distribution system have ninety percent  
33 of total requirements the same.

34 NEW SECTION. **Sec. 5.** (1) A light and power business shall be  
35 allowed a credit against taxes due under this chapter in an amount  
36 equal to investment cost recovery incentive payments made in any fiscal

1 year under section 3 of this act. The credit shall be taken in a form  
2 and manner as required by the department. The credit under this  
3 section shall not exceed twenty-five one-hundredths of one percent of  
4 the businesses' taxable power sales due under RCW 82.16.020(1)(b) or  
5 twenty-five thousand dollars, whichever is greater. The credit may not  
6 exceed the tax that would otherwise be due under this chapter. Refunds  
7 shall not be granted in the place of credits. Expenditures not used to  
8 earn a credit in one fiscal year may not be used to earn a credit in  
9 subsequent years.

10 (2) The right to earn tax credits under this section expires June  
11 30, 2013. Credits may not be claimed after June 30, 2014.

12 NEW SECTION. **Sec. 6.** (1) Using existing sources of information,  
13 the department shall report to the house appropriations committee, the  
14 house committee dealing with energy issues, the senate committee on  
15 ways and means, and the senate committee dealing with energy issues by  
16 December 1, 2009. The report shall measure the impacts of this act,  
17 including the total number of solar energy system manufacturing  
18 companies in the state, any change in the number of solar energy system  
19 manufacturing companies in the state, and, where relevant, the effect  
20 on job creation, the number of jobs created for Washington residents,  
21 and such other factors as the department selects.

22 (2) The department shall not conduct any new surveys to provide the  
23 report in subsection (1) of this section.

24 NEW SECTION. **Sec. 7.** If specific funding for the purposes of this  
25 act, referencing this act by bill or chapter number, is not provided by  
26 June 30, 2005, in the omnibus appropriations act, this act is null and  
27 void.

28 NEW SECTION. **Sec. 8.** Sections 2 through 6 of this act are each  
29 added to chapter 82.16 RCW.

30 NEW SECTION. **Sec. 9.** This act is necessary for the immediate  
31 preservation of the public peace, health, or safety, or support of the  
32 state government and its existing public institutions, and takes effect  
33 July 1, 2005."

1        Correct the title.

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