
**Technology, Telecommunications
& Energy Committee**

HB 2758

Brief Description: Providing incentives to support renewable energy.

Sponsors: Representatives Chase, Morris, Simpson, G., Morrell and Kagi.

Brief Summary of Bill

- Establishes cost recovery incentives for investment in wind and solar electricity generation systems.
- Creates the renewable energy incentive account to receive one and three quarters percent of the public utility tax receipts to fund the investment cost recovery incentives.

Hearing Date: 1/30/04

Staff: Pam Madson (786-7166).

Background:

Photovoltaics (solar-electric technologies) is an alternative to more traditional methods of generating electricity. It is a technology that converts light directly into electricity without moving parts, noise, or air or water pollution.

Wind power generation uses wind energy to turn the rotor of a wind turbine that drives the shaft of a generator to produce electricity. Large wind farms use turbines on towers that can produce up to 1.5 megawatts of electricity each. Smaller turbines are available for distributed generation on-site or in remote locations.

According to a report on the solar electric industry, issued by Washington State University's Energy Program, energy demand world-wide in the next 20 years will expand by 50 percent. By 2020, the solar-electric industry predicts a \$15 billion world wide industry. Washington is home to several businesses in the developing solar electric market producing products in the areas of silicon purification, crystal growth, solar module manufacture, inverter production, balance of systems (BOS) production, system integration, and system installation.

Public and privately-owned utilities are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. For electrical utilities, the applicable tax rate is 3.873 percent. Revenues are deposited to the State General Fund.

Summary of Bill:

Investment cost recovery incentives are created to encourage investment in renewable energy projects. The incentives are funded by a portion of the public utility tax (PUT) receipts. One and three quarters percent of PUT receipts are deposited in the newly created renewable energy incentive account. The director of the Department of Revenue (DOR) may authorize expenditures from the account.

Beginning July 1, 2004, cost recovery incentive payments are available to an individual, a business, or a local governmental entity that generates electricity on its own property using a wind or solar energy system. The system must be installed using a licensed and bonded contractor and certified electricians. The system must be installed according to the National Electrical Code.

Applicants are eligible to receive the following amounts per kilowatt hour of electricity produced:

- (1) Up to \$.48 for systems using both solar inverters and solar modules manufactured in Washington;
- (2) Up to \$.37 for systems using Washington manufactured solar inverter or solar modules;
- (3) Up to \$.25 for systems using wind generators manufactured in Washington ; and
- (4) Up to \$.25 for systems using solar or wind equipment manufactured outside of Washington state.

Each applicant is limited to \$4,500 in cost recovery payments per year. If requests for cost recovery payments exceed available funds, the incentive amounts will be proportionally reduced.

The Department of Revenue may retain one percent of each incentive payment for administrative costs. The Climate and Rural Energy Development Center at Washington State University receives five percent of the annual revenue to the fund for administrative and educational expenses related to the program. The center will establish guidelines and standards for technologies that are identified as Washington manufactured.

This program is effective beginning July 1, 2004 and expires July 1, 2014.

Appropriation: None.

Fiscal Note: Not requested.

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