
**Technology, Energy & Communications
Committee**

HB 1191

Brief Description: Providing incentives to support renewable solar energy.

Sponsors: Representatives Chase, Morris, Simpson, Wallace, Williams, Van De Wege, Takko, Nelson, Sullivan, Orwall, Hasegawa, Linville, Kenney, Roberts, Rolfes, Dickerson, Kristiansen, Dunshee, O'Brien, Sells, Ormsby, Miloscia, Conway, Kagi, Lias, Driscoll, White, Darneille, Kessler, Kirby, Moeller, Ericks, Quall, Eddy, Finn, Hinkle, Jacks, Crouse, Flannigan, Morrell, Condotta, Appleton, Green, Campbell, Seaquist, Wood, McCoy, Pettigrew, Hurst, Cody, McCune, Pedersen and Goodman.

Brief Summary of Bill

- Establishes cost recovery incentives for investments in commercial customer-generated solar electricity energy systems.

Hearing Date: 1/28/09

Staff: Jason Callahan (786-7117)

Background:

In 2005, the Legislature passed legislation that authorized investment cost recovery incentives to support renewable energy projects. Individuals, businesses, or local governments that generate electricity on their own property, with an anaerobic digester, or a wind or solar energy system may apply to their light and power business for an incentive payment. Payments are capped at \$2,000 per year for each individual, household, business, or local government.

In turn, each light and power business is allowed a credit against its public utility tax for incentive payments paid to applicants. The credit is limited to 0.25 percent of its taxable power sales, or \$25,000, whichever is greater. If incentive requests exceed the amount of credit available, the power and light business must prorate the payments.

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.

The incentive is calculated from a base rate of 15 cents for each kilowatt hour of energy produced. That rate is adjusted based on where the equipment or components were manufactured. Applicants must submit a request for a system certification to the Department of Revenue (Department) and the Climate and Rural Energy Development Center (Center) at Washington State University. The Department must advise applicants whether their systems qualify for the incentive program. The Department may consult with the Center in making decisions on eligibility.

Summary of Bill:

The Carbon-Free Commercial Scale Energy Generation Account (Account) is created to receive any appropriations deposited into it. Monies in the Account must be used to reimburse light and power businesses for payments made to customers investing in cost-recovery from a solar electric energy system.

Eligible recipients of payments are customers of power and light businesses that are businesses, non-profit organizations, or local government entities. Customers that are in the light and power business, or the gas distribution business, may not receive payments. Eligible recipients may receive payments from their power and light utility to recover costs for each kilowatt-hour produced by a solar electric energy system installed on the recipient's property between 2009 and 2020. Costs can only be recovered if the recipient did not receive another renewable energy production-based incentive.

Potential recipients of cost recovery funding must, prior to contacting their utility, submit a certification application to the Department and the Center. The certification application must contain location and tax information about the solar electric energy system, explain whether the system qualifies for cost recovery, who manufactured the system, and whether the system produces electricity that is capable of being transmitted into or parallel with the applicable transmission and distribution system.

Once submitted, the Department has 30 days to consult with the Center and indicate to the applicant in writing if the proposed system qualifies for the incentive program. If certified, the owner of the system has until August 1 of that year, and all subsequent years, to submit an application to the appropriate power and light business. In addition to the information provided to the Department, the application to the power and light business must include proof that the system has been certified by the Department and a statement indicating the amount of kilowatt hours generated by the system in the previous year.

Authorization or denial of the incentive payment must be returned by the power and light business to the applicant within 60 days. If payment is authorized, the recipient must adhere to specific recordkeeping and retention policies.

The incentive cost recovery payment is 38 cents per kilowatt, unless that amount exceeds the funds available in the Account. Overpayments can be assessed against the recipient, with interest due. In the event of underpayments, additional monies can be authorized. Payments per utility revenue meter cannot exceed \$20,000 per year.

Light and power businesses providing cost recovery to their customers must be reimbursed by the Department from the Account.

By 2012, the Department must provide the Legislature with a report that measures the impact of the reimbursement program.

Appropriation: None.

Fiscal Note: Requested on January 22, 2009.

Effective Date: July 1, 2009.