
**Technology, Energy & Communications
Committee**

HB 3104

Brief Description: Modifying community solar project provisions for investment cost recovery incentives.

Sponsors: Representative Rolfes.

Brief Summary of Bill

- Specifies that a Limited Liability Company (LLC) that owns a community solar project must apply for the cost-recovery incentive payment on behalf of each of its members.

Hearing Date: 2/1/10

Staff: Kara Durbin (786-7133).

Background:

Cost-Recovery Incentive Program for Renewable Energy Systems.

In 2005 the Legislature created a Cost-recovery Incentive Payment 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 per kilowatt-hour of energy produced, with extra incentives for solar generating systems that use certain components manufactured in Washington. Payments are capped at \$5,000 annually per applicant.

A utility providing incentive payments is allowed a credit against its public utility tax (PUT) for incentives paid, limited to \$100,000 or 1 percent of its taxable sales, whichever is greater. If the

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amount of requests for incentive payments exceeds the amount of funds available for PUT credit to the utility, the incentive payments to applicants must be reduced proportionally.

In 2009 the Legislature expanded the program to include community solar projects, which are either: (1) a solar energy system owned by local individuals, households, or non-utility businesses that is placed on the property owned by their cooperating local government entity; or (2) a utility-owned solar energy system that is voluntarily funded by the utility's ratepayers where, in exchange for their financial support, the utility gives contributors a payment or credit on their utility bill for the value of the electricity produced by the project. Under current law, there are no electrical generation capacity limits established for individual community solar projects.

Community solar projects are eligible to receive incentives of 30 cents for each kilowatt-hour of energy produced, unless the amount of requests for incentive payments exceeds the amount authorized for credit to the utility, in which case the incentive payments to applicants must be reduced proportionally. Payments to a community solar project are capped at \$5,000 annually per applicant. Incentive payments to participants in a utility-owned community solar project may only account for up to 25 percent of the total allowable credit.

The Cost-recovery Incentive Payment Program expires June 30, 2020.

Summary of Bill:

Only community solar projects with a maximum instantaneous output of 2 megawatts of electricity or less are eligible to receive incentive payments under the Cost-recovery Incentive Payment Program.

If a Limited Liability Company (LLC) owns a community solar project, the LLC must apply for the cost recovery incentive payment on behalf of each member of the LLC. Each member of the LLC is eligible to receive an incentive payment of up to \$5,000 per year, but the LLC as an entity is not eligible to receive an incentive.

Appropriation: None.

Fiscal Note: Requested on January 29, 2010.

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