H-4014.2

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**SUBSTITUTE HOUSE BILL 2280**

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**State of Washington 65th Legislature 2018 Regular Session**

**By** House Technology & Economic Development (originally sponsored by Representatives Morris, Hudgins, Goodman, Santos, Slatter, Lytton, Tharinger, Senn, Frame, Kloba, Ryu, and Doglio)

AN ACT Relating to community solar gardens; and adding a new chapter to Title 80 RCW.

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

NEW SECTION. **Sec.**  It is the intent of the legislature to establish a framework for community solar gardens to be created and exist outside of tax-related subsidy programs. The legislature finds that community solar gardens represent a lower-cost point of entry for Washington consumers who want access to solar electricity generated on their behalf, as well as for consumers who do not have access to a sun regime that would make a residential solar energy system viable.

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

(1) "Commission" means the utilities and transportation commission.

(2) "Community solar garden" means a facility, including a community solar project as defined in RCW 82.16.110 and 82.16.160, that generates electricity by means of a ground-mounted or roof-mounted solar photovoltaic device whereby subscribers receive a bill credit for the electricity generated in proportion to the size of their subscription, and has a capacity of no more than five hundred kilowatts.

(3) "Electric utility" means any electrical company, public utility district, irrigation district, port district, electric cooperative, or municipal electric utility that is engaged in the business of distributing electricity to retail electric customers in the state.

(4) "Electrical company" has the same meaning as defined in RCW 80.04.010.

(5) "Subscriber" means a retail electric customer of an electric utility who owns one or more subscriptions of a community solar garden facility interconnected with that utility.

(6) "Subscriber organization" means any for-profit or nonprofit entity that owns or operates one or more community solar gardens.

(7) "Subscription" means a contract between a subscriber and the owner of a community solar garden.

NEW SECTION. **Sec.**  (1) A community solar garden:

(a) May not have fewer than five subscribers, with no single subscriber having more than forty percent interest in the project;

(b) Must be located in the service territory and on the distribution system of an electric utility such that the community solar garden is located in an area that provides the most benefit on the distribution system in accordance with the community solar garden plan developed under section 4 of this act; and

(c) Must allocate not less than forty percent of project capacity to residential and small business customers under twenty-five kilowatts.

(2)(a) A subscriber must be located in the same electric utility service territory as the community solar garden facility.

(b) A subscription must be sized to represent at least one kilowatt of the generating capacity of the community solar garden and may supply, when combined with other distributed generation resources serving the premises, no more than one hundred five percent of the average annual consumption of electricity by each subscriber at the premises to which the subscription is attributed.

(3)(a) A subscriber organization must, on a monthly basis, provide to the electric utility the total kilowatt-hours of generation attributable to each of the utility's retail electric customers participating in a community solar garden project in accordance with the subscriber's share of the output of the community solar garden. The subscriber organization shall electronically submit the information and associated documentation to the utility monthly.

(b) An electric utility must provide a monetary credit or other compensatory mechanism to a subscriber's monthly electric bill for the proportional output of a community solar garden attributable to that subscriber in the same form and manner as provided for utility-owned community solar gardens. The monetary credit must reflect the value per kilowatt-hour of the electric output of the community solar garden as determined in accordance with the community solar garden plan developed under section 4 of this act, and be provided for not less than twenty-five years from the date the community solar garden becomes interconnected and energized. Subscription credits that exceed a subscriber's monthly bill must be carried over and applied to the next month's bill.

(4) An electric utility must purchase all unsubscribed electricity generated by a community solar garden in the electric utility's service territory at a rate that reflects the value per kilowatt-hour of the electric output of the community solar garden and for a length of time as determined in accordance with the community solar garden plan developed under section 4 of this act.

(5) The number or cumulative generating capacity of community solar garden facilities is not limited under this section.

(6) All environmental attributes associated with a community solar garden, including but not limited to renewable energy credits under chapter 19.285 RCW, are considered property of the community solar garden subscribers and may be distributed, sold, accumulated, or retired at the discretion of the community solar garden subscribers.

(7) A subscriber organization that is not subject to the requirements under RCW 82.16.170 or 80.28.375 must have a process in place for dispute resolution between the subscriber organization and its subscribers.

NEW SECTION. **Sec.**  (1) An investor-owned utility must submit a community solar garden plan to the commission by January 1, 2019, in order to operate a community solar garden program. The commission may approve, disapprove, or modify a community solar garden plan as submitted by an investor-owned utility.

(2) A consumer-owned utility must submit a community solar garden plan to its governing authority by January 1, 2019, in order to operate a community solar garden program. The governing authority of a consumer-owned utility may approve, disapprove, or modify a community solar garden plan as submitted under this subsection.

(3) Any community solar garden plan approved by the commission or the governing authority of a consumer-owned utility under this section must:

(a) Reasonably allow for the creation, financing, and accessibility of community solar gardens;

(b) Establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;

(c) Be consistent with the public interest;

(d) Identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;

(e) Include a program implementation schedule;

(f) Identify all proposed rules, fees, and charges;

(g) Identify the means by which the program will be promoted;

(h) Identify the value per kilowatt-hour of the electric output of a community solar garden as calculated in accordance with the principles of a plan developed under subsection (4) of this section; and

(i) Include a description of the system used to apply credit to each subscriber's monthly bill.

(4) In order to develop a community solar garden plan, the electric utility must first engage in a distributed energy resources planning process that accomplishes the following:

(a) Identifies the data gaps that impede a robust planning process as well as any upgrades, such as but not limited to advanced metering and grid monitoring equipment, needed to obtain data that would allow the electric utility to quantify the locational and temporal value of resources on the distribution system;

(b) Proposes monitoring and metering upgrades that are supported by a business case identifying how those upgrades will be leveraged to provide net benefits for customers;

(c) Identifies potential programs and tariffs to fairly compensate customers for the value of their distributed energy resources, which may both produce and consume electricity and capacity from the distribution system individually or in groups, and ensure their optimal usage, including programs targeted at low-income customers;

(d) Forecasts, using probabilistic models, the growth of distributed energy resources on the utility's distribution system;

(e) Provides, at a minimum, a ten-year plan for distribution system investments and an analysis of nonwires alternatives for major investments. This plan should include a process whereby near-term assumptions regularly inform and adjust the long-term projections of the plan. The goal of the plan should be to provide the most affordable investments for all customers and avoid reactive expenditures to accommodate unanticipated growth in distributed energy resources. An analysis that fairly considers wire-based and nonwires alternatives on equal terms is foundational to achieving this goal. The electric utility should be indifferent to the technology that is used to meet a particular resource need. The distribution system investment planning process should utilize a transparent approach that involves opportunities for stakeholder input and feedback;

(f) Competitively procures the distributed energy resources needs identified in the plan through detailed requests for proposals that identify the specific needs at each identified location. Competitive procurements that are tailored to solve specific needs, rather than to procure a specific resource, increase an electric utility's ability to identify the lowest cost, most efficient means of meeting distribution system needs. If the projected cost of a procurement is more than the calculated system net benefit, the electric utility should then establish a pilot process that mimics the efficiencies of a competitive procurement;

(g) Includes the distributed energy resources identified in the plan in the electric utility's integrated resource plan developed under this chapter. Distribution system plans should be used as inputs to the integrated resource planning process. Distributed energy resources may be used to meet system needs when they are not needed to meet a local distribution need. Including select distributed energy resources in the integrated resource planning process allows those resources to displace or delay system resources in the integrated resource plan;

(h) Includes a high level discussion of how the electric utility is adapting cybersecurity and data privacy practices to the changing distribution system and the internet of things, including an assessment of the costs associated with ensuring customer privacy;

(i) Includes a discussion of lessons learned from the planning cycle and identify process and data improvements planned for the next cycle.

(5) Within one hundred eighty days of approval of a community solar garden plan under this section, an electric utility must begin crediting subscriber accounts of each community solar garden facility in its service territory.

(6) The commission may adopt rules as necessary to implement this chapter.

(7) A subscriber or subscriber organization may not be considered an electric utility solely as a result of participation in a community solar garden program.

NEW SECTION. **Sec.**  Any community solar garden interconnected and energized before the effective date of this section is excluded from the requirements of this chapter. The requirements of this chapter apply if the community solar garden issues new subscriptions after the effective date of this section.

NEW SECTION. **Sec.**  Sections 1 through 5 of this act constitute a new chapter in Title 80 RCW.

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