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**HOUSE BILL 2156**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representatives Reeves, Doglio, and Pollet; by request of Department of Commerce

AN ACT Relating to solar consumer protections; adding a new section to chapter 80.60 RCW; and adding a new chapter to Title 19 RCW.

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

NEW SECTION. **Sec.**  The legislature finds that many residential and commercial property owners are solicited by solar energy salespersons and solar energy contractors to purchase or lease a system producing electricity with solar energy. Salespeople and contractors are responsible for accurately representing the financing terms, total cost, and performance of the solar energy equipment to support the residential or commercial property owner in making an informed decision about whether the installation is economically viable. If these terms are not communicated correctly, property owners face financial hardship. The legislature declares that this is a matter of public interest. It is the intent of the legislature to establish rules of business practice for solar energy contractors and solar energy salespersons to promote honesty and fair dealing with homeowners and other property owners.

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

(1) "Dealer fee" means an amount paid by a solar energy contractor or solar energy salesperson to a lender in order to offer a property owner credit to finance the purchase and installation of a system producing electricity with solar energy.

(2) "Electric utility" means any entity that is engaged in the business of distributing electricity to retail electric customers in the state.

(3) "Major system components" means any inverters, module-level power electronics, solar panels, racking systems, or battery energy storage equipment included in the solar energy installation.

(4) "Net metering" means measuring the difference between the electricity supplied by an electric utility and the excess electricity generated by a customer-generator's net metering system over the applicable billing period.

(5) "Person" includes an individual, corporation, company, partnership, joint venture, or business entity.

(6) "Solar array" means a mechanically and electrically integrated grouping of modules with support structure, including any attached system components such as inverters or dc-to-dc converters and attached associated wiring.

(7) "Solar energy contractor" means a person who is licensed in Washington per RCW 19.28.041 and purports to install, repair, or replace or subcontracts to install, repair, or replace residential or commercial systems producing electricity with solar energy.

(8) "Solar energy installation contract" means an agreement between a solar energy contractor and a residential or commercial property owner that includes, in part, an agreement to install a residential or commercial system producing electricity with solar energy for a total cost including labor and materials in excess of $1,000.

(9) "Solar energy salesperson" means a person who solicits, negotiates, or otherwise endeavors to procure a solar energy installation contract with a residential or commercial property owner to install, repair, or replace residential or commercial systems producing electricity with solar energy on behalf of a solar energy contractor.

(10) "Solicit" means to make contact with the residential or commercial property owner for the purpose of selling or installing residential or commercial systems producing electricity with solar energy including, but not limited to, contact through any of the following methods:

(a) Door-to-door contact;

(b) Telephone contact or text messages;

(c) Flyers left at a residence;

(d) Internet or social media advertisements; or

(e) Other promotional advertisements which offer gifts, cash, or services if the residential or commercial property owner contacts the solar energy contractor or salesperson.

NEW SECTION. **Sec.**  (1) Any person selling or installing residential or commercial systems producing electricity with solar energy for a total cost including labor and materials in excess of $1,000 must be licensed under RCW 19.28.041 and have a solar energy installation contract with the customer consistent with this section. This section does not apply to any person installing residential or commercial solar energy systems on the person's own property who is properly exempted under RCW 19.28.261.

(2) A solar energy installation contract must be in writing and must be written in the same language as was principally used in the sales presentation made to the consumer, including any print or digital marketing material given to the customer. A copy of the contract must be given to the customer at the time the customer signs the contract. The contract must be typed or printed legibly and contain the following provisions:

(a) An itemized list of work to be performed including any known or anticipated electrical system upgrades or utility equipment upgrades that are necessary for installation;

(b) Any financing that is incorporated directly into the contract, which must be identified as a separate line item and conform to all state and federal consumer loan regulations and disclosure requirements, including terms, conditions, interest rates, annual percentage rate, the amortization schedule, and information on how the loan is secured;

(c) Disclosure of the exact amount paid, if any, by a solar energy contractor or solar energy salesperson to any lender in the form of a dealer fee, or other similar inducement to obtain financing, irrespective of whether financing is incorporated within the contract or in conjunction with a third-party lender;

(d) The total dollar amount of the contract;

(e) The cost per watt calculated as the total contract amount, including labor and materials, for installing the solar energy system divided by the total direct current nameplate rating of the solar array;

(f) A detailed, performance-based payment schedule based on project completion milestones that explains when costs are due, explains the customer's right to cancel the contract, and identifies the cancellation fees due at each milestone in the payment schedule;

(g) The model and brand name of major system components to be installed. If any major system components change throughout the duration of the contract, those changes must be documented, the efficiency and warranty period of the new major system components must be provided, and the changes must be agreed upon in writing by the customer;

(h) The warranty period for each major system component;

(i) Any ongoing operations and maintenance costs that are included in the contract;

(j) A list of anticipated maintenance activities that the customer will need to perform in order to maintain the warranty and performance of the solar energy equipment including, but not limited to, inverter replacement;

(k) The solar energy system's first-year annual production projections in kilowatt-hours. The methodology and the nationally recognized, industry-standard tool used to develop the projections must be provided with the annual production projection data. Projections must be based on site-specific considerations of each solar array, including location of the installation, orientation and angle of the panels, and on-site shading factors and must at a minimum account for the difference in production over the month of December versus the month of June. Projections must not exceed the optimal inverter performance identified by the manufacturer of the inverter equipment identified in the contract;

(l) An explanation of what happens annually to any unused net metering or other applicable bill credits from on-site generation;

(m) The solar energy contractor's good faith estimate of projected electric bill savings from the solar energy system that the customer is expected to achieve over the first 12 months after interconnection. The customer's current electric rate must be used in this calculation unless a rate change for the customer's applicable rate class has been approved and finalized for the applicable period. If the customer agrees, the relevant electric utility shall provide detailed electric use history to the solar energy contractor and may support calculation of the annual bill savings estimate;

(n) The name, business address, and phone number of the primary solar energy salesperson or solar sales firm, if different from the solar energy contractor;

(o) The name, business address, contractor's registration number of the solar energy contractor, and link to the Washington state department of labor and industries contractor verification tool;

(p) A statement as to whether all or part of the work is intended to be subcontracted to or performed by another person or entity other than the solar energy contractor's own workforce;

(q) The following recommendation in capital letters, which must be initialed by the customer acknowledging they have read and understand the recommendation provision:

"IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR PART OF THE CONTRACT, IT IS RECOMMENDED THAT YOU WAIT UNTIL RECEIVING FINANCIAL APPROVAL BEFORE SIGNING THIS SOLAR ENERGY INSTALLATION CONTRACT. IN ADDITION, IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR PART OF THE CONTRACT, IT IS RECOMMENDED THAT YOU VERIFY WHETHER LOAN PAYMENTS ARE DUE BEFORE THE SYSTEM IS OPERATIONAL. NOTHING IN THIS CONTRACT ALTERS YOUR RESPONSIBILITY TO PAY YOUR ELECTRIC UTILITY COMPANY FOR AMOUNTS DUE ON YOUR ELECTRIC BILL.";

(r) The following rescission rights notice in capital letters, which must be initialed by the customer acknowledging they have read and understand the notice provision:

"CUSTOMER'S RIGHT TO CANCEL: YOU HAVE THE RIGHT TO CANCEL YOUR SOLAR ENERGY INSTALLATION CONTRACT WITHIN THREE BUSINESS DAYS OF CONTRACT SIGNING.";

(s) A statement clearly explaining whether the solar energy installation contract includes the cost of uninstalling and reinstalling the solar energy system if it is installed on the customer's roof and the roof must be replaced or repaired at a future date. If the contract does not include the future cost of uninstalling and reinstalling the solar energy system to be installed on the customer's roof, the contract must include the following notice which must be initialed by the customer acknowledging they have read and understand the notice provision:

"If you need to repair or replace your roof, you will be responsible for all costs and work needed to uninstall and reinstall the solar energy system and interconnect it with your utility company.";

(t) The following notice which must be initialed by the customer acknowledging they have read and understand the notice provision:

"If you are a residential customer, you must have sufficient tax liability to utilize the residential clean energy credit. You will not receive these funds directly; you can only offset the taxes that you owe to the federal government. IF YOU ARE PARTICIPATING IN GOVERNMENT ASSISTANCE PROGRAMS OR ARE ON A FIXED INCOME, YOU MAY NOT BE ELIGIBLE FOR THIS TAX CREDIT. The cost of roof repairs should not be included in calculating the tax credit. It is recommended that you consult a tax attorney if you are relying on the tax credit to afford the cost of the solar energy installation.";

(u) A copy of the internal revenue service's current revision of form 5695 instructions for residential clean energy credit (part I) qualified solar electric property costs;

(v) A statement that it is the solar energy contractor's responsibility to install the system per manufacturer instructions, in compliance with the national electric code as enforced by the local jurisdiction, in compliance with local building codes, and in compliance with the applicable utility's interconnection standards;

(w) A copy of, or electronic link to, the applicable electric utility's interconnection application;

(x) A statement documenting which party is responsible for obtaining permission to operate from the utility;

(y) A statement that the addition of a solar energy system may affect the value of the structure as determined by the county assessor and any change in value may be reflected in annual property taxes; and

(z) The following statement which may be omitted if the solar energy system includes energy storage equipment and/or power conversion and control technologies designed and installed to provide backup power during a grid outage:

"A solar energy system will automatically disconnect the solar energy system from the utility grid in the event of a power outage to protect utility repair personnel from a risk of electric shock from the electricity that could otherwise flow into the utility distribution system from the solar energy system and that if this occurs, THE SOLAR ENERGY SYSTEM WILL NOT PROVIDE ANY ELECTRICITY TO THE CUSTOMER DURING THE POWER OUTAGE."

(3) If a customer exercises the rescission rights described in subsection (2)(r) of this section, the solar energy contractor or the subcontractor may not enforce the terms of the contract, including claims for labor or materials, in a court of law and must terminate any security interest or statutory lien created under the transaction within 20 days of receiving written rescission of the contract from the customer. This subsection also applies if the customer has made a good faith effort to contact the solar energy contractor before the customer's rescission rights have expired. If a customer demonstrates an effort to contact the solar energy contractor within the rescission rights window, even if the solar energy contractor has not responded, the solar energy contractor is prohibited from enforcing the terms of the contract and must not charge any cancellation fees.

(4) No payments of any type may be charged by a solar energy salesperson or a solar energy contractor before a customer's rescission rights have expired.

(5) The interconnection application for the solar energy system must be approved by the applicable electric utility before the solar energy contractor or the subcontractor begins installing the system. The applicable electric utility may waive this requirement for solar energy contractors that are certified by the electric utility.

(6) It is the solar energy contractor's responsibility to notify the applicable electric utility of any equipment or design changes that occur.

(7) If the solar energy installation contract is with a residential customer, and the contract's scope includes any type of roofing work, the solar energy contractor shall provide the customer separate invoices for the roofing work, and the contract must separately itemize and identify the cost of roofing tear-off and replacement.

(8) A person or entity who purchases or is otherwise assigned a solar energy installation contract is subject to all claims and defenses with respect to the contract that the customer could assert against the solar energy contractor or subcontractor. A person or entity who sells or otherwise assigns a solar energy installation contract must include a prominent notice of the potential liability under this section.

(9) A solar energy contractor, subcontractor, or solar energy salesperson who fails to comply with the requirements of this chapter is liable to the customer for any actual damages sustained by the customer as a result of the failure. Nothing in this section limits any cause of action or remedy available under chapter 19.86 RCW.

NEW SECTION. **Sec.**  No person may solicit using any statement or representation with regard to the costs, financing, terms, or conditions of purchase or installation of residential or commercial systems producing electricity with solar energy that is deceptive.

NEW SECTION. **Sec.**  The legislature finds that the practices covered by this chapter are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A violation of this chapter is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for purposes of applying the consumer protection act as set forth under chapter 19.86 RCW.

NEW SECTION. **Sec.**  A new section is added to chapter 80.60 RCW to read as follows:

Any person selling or installing residential or commercial systems producing electricity with solar energy for a total cost including labor and materials in excess of $1,000 must be licensed under RCW 19.28.041 and must offer a contract pursuant to section 3 of this act.

NEW SECTION. **Sec.**  Sections 1 through 5 of this act constitute a new chapter in Title 19 RCW.

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