
Environment & Energy Committee

HB 1509

Brief Description: Concerning fair access to community solar.

Sponsors: Representatives Hackney, Doglio, Fitzgibbon, Berry, Ramel, Duerr, Bateman, Paul, Pollet, Macri, Reed and Bergquist.

Brief Summary of Bill

- Requires that electric utilities compensate subscribers of community solar projects for electricity generated by the project with a retail-rate bill credit that must be rolled forward until the credit is used.
- Increases the allowable size of community solar projects to 5000 kilowatts (kW) from 1000 kW for projects in the service territory of an investor-owned utility, and limits projects to 200 kW in the service territory of a consumer-owned utility, unless the utility approves a larger size.
- Directs the Utilities and Transportation Commission to adopt rules, by April 30, 2024, to implement a new community solar program, and authorizes community solar project managers and community solar subscription managers to administer projects under this program.
- Allows electric utilities to recover development and implementation costs of the community solar program in electric utility rates.
- Adds new requirements and removes certain limitations as to where community solar projects may be located.

Hearing Date: 1/26/23

Staff: Megan McPhaden (786-7114).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

Community Solar Projects.

A community solar project is a solar energy system that can generate no more than 1000 kilowatts (kW) of direct current electricity.

There are requirements for community solar companies who wish to engage in business in the state, including that they must register with the Utilities and Transportation Commission (UTC). A precondition of registration is that the UTC may require a performance bond or other mechanism that can cover any advances or deposits the company may collect from project participants. The UTC may also charge an annual fee to community solar companies to cover the cost of processing registration applications.

Community Solar Incentive Program.

In 2022, a community solar incentive program (incentive program) was established, for the purpose of providing direct benefits to low-income subscribers, low-income service provider subscribers, and tribal and public agency subscribers.

Administration of the Incentive Program.

The incentive program is run by the Washington State University Extension Energy Program (WSU Energy Program), and those who can administer projects under the incentive program are utilities, nonprofits, tribal housing authorities, or other local housing authorities. Tribal housing authorities may only administer a project on tribal lands or lands held in trust for a federally recognized tribe for subscribers who are tribal members.

Size of Projects Under the Incentive Program.

A community solar project is defined a solar energy system that has a direct current nameplate capacity that is more than 12 kW and no greater than 199 kW. Projects must also have at least two low-income subscribers or one low-income service provider.

Compensation Through Incentive Payments.

Participating utilities must provide incentive payments to cover the sum of administrative start-up costs, and the installed cost of the portion of the project that provides direct benefits to qualified subscribers. Incentive payments are funded by a public utility tax credit. Additionally, utilities must provide compensation for the generation of electricity from the community solar project as follows:

- for a community solar project that has an alternating current nameplate capacity greater than 12 kW but no greater than 100 kW, and that is connected behind the electric service meter, compensation must follow the state's net metering requirements;
- for a community solar project greater than 100 kW but not greater than 199 kW, and if the administrator is not a utility, the utility provides the compensation to the interconnection customer, who passes the compensation to the administrator to ultimately reach the customers; and
- for a community solar project greater than 100 kW but not greater than 199 kW, and if the

administrator is a utility, compensation must be delivered in a way that provides continuing direct benefits to the subscribers.

Utility participation.

Utility participation in the incentive program is voluntary.

Summary of Bill:

Compensation Provided Through Bill Credits for Community Solar Projects.

A subscriber of any community solar project (project) must now receive a monthly bill credit from their electric utility, as compensation for their proportionate share of the electricity generated by the project. Bill credits must equal the subscriber's total rate, including all volumetric charges for generation, transmission, distribution, taxes, and fees, commonly referred to as the retail rate. Bill credits must be applied to the subscribers' bills and any unused credits must be rolled forward to future months to offset all costs except for the minimum bill, until the credit is consumed. After two years, unused bill credits rolled forward on the project account must be provided to the manager of the community solar project at the utility's avoided cost of wholesale power. Subscribers must be able to receive bill credits through the life of the project, and utilities may not increase minimum bills due to a subscriber's participation in a project.

Increased Size of Community Solar Projects.

The size for projects is increased to 5000 kilowatts (kW) from 1000 kW for projects in the service territory of an investor-owned utility. For projects in the service territory of a consumer-owned utility, the size is limited to 200 kW. Under both scenarios, the utility may approve a larger sized project.

A community solar project must be located in the state and connected to a utility's distribution system, have at least three subscribers, and a single subscriber may not own or subscribe to more than 49 percent of the project.

A community solar project may be located remotely from a subscriber's premises and must not be required to provide energy to on-site load.

New Community Solar Program.

Program Adopted by Rule.

The Utilities and Transportation Commission (UTC) must adopt a community solar program (program) by rule by April 30, 2024. UTC's rules must: (1) create consumer protection guidelines; and (2) require investor-owned utilities to file the tariffs, agreements, or forms necessary to implement the program. UTC staff must maintain a publicly available queue of precertified projects while protecting commercially sensitive or competitive information.

Management Requirements.

The definition of community solar company is removed and replaced with the following entities who can manage a community solar project: (1) a community solar project manager, or project

manager, which is an independent community solar company or a person or group who form to manage a community solar project; or (2) a community solar subscription manager, or subscription manager, which is an entity that markets projects or provides community solar-related services, or performs any administrative actions to connect, enroll, or allocate subscriptions to customers.

A project manager or subscription manager must:

- provide a list of subscribers, with specified information about each subscriber, to a utility for bill crediting purposes;
- collect information regarding the financial benefits realized by low-income subscribers and low-income service providers;
- be transparent, fair, and nondiscriminatory; and
- provide subscribers with a disclosure form containing all material terms and conditions of participation in the project.

A project manager or subscription manager may not use credit checks or sign-up fees for residential customers to become subscribers, or charge early termination fees or other exit fees to residential customers.

Low-Income Subscriptions.

At least 50 percent of the total program's generating capacity must be subscribed by low-income subscribers and low-income service providers. These subscribers are exempt from program-related fees.

Utility Cost Recovery.

Utilities may recover costs incurred during development and implementation of the program in their rates. These costs include start-up costs, which include costs associated with billing system upgrades, and exclude any costs associated with the electric utility developing a project.

Change in Address.

A subscriber who changes their address must keep their subscription, and may not have their subscription cancelled by a utility, if the new address is in the same electric territory as the old address.

Renewable Energy Credits.

Renewable energy credits associated with the generation of electricity by a project are owned by the project manager and may be retired or transferred by the project manager or retired on behalf of the subscribers.

Net Crediting.

Project managers or subscription managers may enter into a net-crediting program on behalf of an eligible customer. Net crediting is a program where a utility remits the value of a subscription fee to a subscription manager, regardless of whether the customer has paid their monthly bill, and places the remaining credit on the customer's bill.

UTC Charges.

The performance bond that the UTC may require of community solar project managers or community solar subscription managers for preregistration must now: (1) be of a size commensurate with the scope of the projects offered; and (2) not preclude nonprofits, individuals, and small businesses from managing community solar projects. The annual registration fee that the UTC may charge must now also be set in a way that would not preclude participation by nonprofits, individuals, and small businesses.

Utility Participation.

Utility participation is mandatory.

Community Solar Incentive Program.

The limitation that a tribal housing authority may only administer a community solar project on tribal lands or lands held in trust for a federally recognized tribe for subscribers who are tribal members, is removed.

The size of projects eligible under the Incentive Program match the new size parameters for community solar projects. Compensation must also be provided to subscribers of a community solar project under the Incentive Program in the same way as for other community solar projects - by receiving a retail rate bill credit.

Community solar project managers and subscription managers may administer projects under the Incentive Program.

Appropriation: None.

Fiscal Note: Requested on January 20, 2023.

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