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**HOUSE BILL 1509**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representatives Hackney, Doglio, Fitzgibbon, Berry, Ramel, Duerr, Bateman, Paul, Pollet, Macri, Reed, and Bergquist

Read first time 01/23/23. Referred to Committee on Environment & Energy.

1 AN ACT Relating to fair access to community solar; amending RCW  
2 80.28.370, 80.28.375, 82.16.182, and 82.16.183; adding a new section  
3 to chapter 80.28 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds and declares  
6 that stimulating local investment in solar projects continues to be  
7 an important part of a state energy strategy by helping to increase  
8 energy independence from fossil fuels, reduce energy burden, promote  
9 economic development, hedge against the effects of climate change,  
10 create more energy equity, and attain environmental benefits. The  
11 legislature finds that the vast majority of Washingtonians still do  
12 not have access to the benefits of solar energy. The legislature  
13 intends to stimulate the deployment of community solar projects for  
14 the benefit of all Washingtonians.

15 (2) The legislature finds that participation of low-income  
16 customers in solar projects is consistent with the goals and intent  
17 of the energy assistance provisions of chapter 19.405 RCW, the  
18 Washington clean energy transformation act, when this participation  
19 achieves a reduction in energy burden for the customers.

20 (3) The legislature finds that offering energy assistance through  
21 renewable energy programs, including community solar, at a discount

1 to low-income customers is consistent with the goal and intent of RCW  
2 80.28.068.

3 (4) The legislature further intends to facilitate community solar  
4 bill crediting options that can help the state cost-effectively meet  
5 the mandates in the Washington state energy code.

6 (5) The legislature finds that participation of low-income  
7 customers in community solar projects will support the state  
8 capitalizing on the opportunity created by the inflation reduction  
9 act. The inflation reduction act modifies and extends solar tax  
10 credits through 2035 and structures them to incentivize investment in  
11 disadvantaged and low-income communities and ensure newly created  
12 jobs are good-paying jobs. This policy is intended to ensure the full  
13 benefits of the inflation reduction act's provisions for low-income  
14 inclusion by enabling fair access to community solar to all  
15 Washingtonians.

16 **Sec. 2.** RCW 80.28.370 and 2017 3rd sp.s. c 36 s 10 are each  
17 amended to read as follows:

18 The definitions in this section apply throughout this section and  
19 RCW 80.28.375 unless the context clearly requires otherwise.

20 (1) (~~"Community solar company" means a person, firm, or~~  
21 ~~corporation, other than an electric utility or a community solar~~  
22 ~~cooperative, that owns a community solar project and provides~~  
23 ~~community solar project services to project participants.~~

24 (2) ~~"Community solar project" means a solar energy system that~~  
25 ~~has a direct current nameplate generating capacity that is no larger~~  
26 ~~than one thousand kilowatts.~~

27 (3) ~~)~~ "Commission" means the utilities and transportation  
28 commission.

29 (2) "Community solar bill credit" means a monetary credit for  
30 electricity generated by a community solar project, in proportion to  
31 a community solar project subscriber's share of the community solar  
32 project's kilowatt-hour output, and allocated to a community solar  
33 project subscriber's electricity bill on the utility's monthly  
34 billing cycle. Electric utilities must apply community solar bill  
35 credits to each subscriber's monthly amount due.

36 (3) "Community solar program" means the program established in  
37 section 3 of this act that allows for the development of community  
38 solar projects and provides customers of a utility with the option of

1 accessing the benefits produced by the community solar project in  
2 accordance with this act.

3 (4) "Community solar project" means one or more solar  
4 photovoltaic energy systems that provide project subscribers a  
5 community solar bill credit and:

6 (a) If located in an investor-owned utility territory, has an  
7 alternating current nameplate generating capacity that is no larger  
8 than 5000 kilowatts, or if located in a consumer-owned utility  
9 territory, has an alternating current nameplate generating capacity  
10 that is no larger than 200 kilowatts, unless a larger size is  
11 approved by the utility serving the site of the project;

12 (b) Is located in the state;

13 (c) Has a minimum of three subscribers and a single customer does  
14 not own or subscribe to more than 49 percent of the generating  
15 capacity of the project;

16 (d) May be located remotely from the subscriber's premises and  
17 must not be required to provide energy to on-site load; and

18 (e) Is interconnected into the distribution system of a utility.

19 (5) "Community solar project manager" means the entity identified  
20 as having responsibility for managing the operation of a community  
21 solar project and, if applicable, for maintaining contact with the  
22 utility that procures electricity from the community solar project. A  
23 community solar project manager may be:

24 (a) An independent community solar company that has registered  
25 with the commission; or

26 (b) A person or group of individuals who form to manage a  
27 community solar project.

28 (6) "Community solar project services" means ((the provision of  
29 electricity generated by a community solar project, or)) the  
30 provision of the financial benefits associated with electricity  
31 generated by a community solar project, to multiple project  
32 participants, and may include other services associated with the use  
33 of the community solar project such as system monitoring and  
34 maintenance, warranty provisions, performance guarantees, and  
35 customer service.

36 ((4)) (7) "Community solar subscription manager" means an  
37 entity that:

38 (a) Markets community solar projects or otherwise provides  
39 community solar-related services under its own brand name; or

1 (b) Performs any administrative actions to connect or enroll  
2 customers with community solar projects or allocates subscriptions.

3 (8) "Electric utility" means a consumer-owned utility or  
4 investor-owned utility as those terms are defined in RCW 19.280.020.

5 ~~((5) "Project participant" means a customer who enters into a~~  
6 ~~lease, power purchase agreement, loan, or other financial agreement~~  
7 ~~with a community solar company in order to obtain a beneficial~~  
8 ~~interest in, other than direct ownership of, a community solar~~  
9 ~~project.~~

10 ~~(6) "Solar energy system" means any device or combination of~~  
11 ~~devices or elements that rely upon direct sunlight as an energy~~  
12 ~~source for use in the generation of electricity.))~~

13 (9) "Investor-owned utility" has the same meaning as defined in  
14 RCW 19.280.020.

15 (10) "Low-income" has the same meaning as defined in RCW  
16 19.405.020.

17 (11) "Low-income service provider" has the same meaning as  
18 defined in RCW 82.16.182.

19 (12) "Minimum bill" means a subscribers' basic charge.

20 (13) "Net-crediting" means a program under which an electric  
21 utility remits the cash value of a subscription fee to a subscription  
22 manager of a community solar project, regardless of whether or not  
23 the eligible customer has paid their monthly electric bill, and  
24 places the remaining bill credit on the eligible customer's bill.

25 (14) "Program implementation manual" means the set of guidelines  
26 and requirements for implementing the community solar program adopted  
27 by the commission.

28 (15) "Renewable energy credit" means a tradable certificate of  
29 proof of one megawatt-hour of a renewable resource. The certificate  
30 includes all of the nonpower attributes associated with that one  
31 megawatt-hour of electricity and the certificate is verified by a  
32 renewable energy credit tracking system.

33 (16) "Solar photovoltaic energy system" means any device or  
34 combination of devices or elements that rely upon direct sunlight as  
35 an energy source for use in the generation of electricity.

36 (17) "Subscriber" means a retail customer of an electric utility  
37 who enters into a contractual agreement for part of a community solar  
38 project or who has an ownership interest in a community solar project  
39 that results in community solar bill credits being applied to that  
40 customer's electricity bill.

1       (18) "Subscription" means a contractual agreement between a  
2 subscriber and a community solar project manager.

3       (19) "Unsubscribed energy" means the bill credits that accrue if  
4 a community solar project is not fully subscribed in any given month,  
5 which can be rolled forward on the community solar project account  
6 for up to two years from its month of generation and allocated by the  
7 community solar project manager or community solar subscription  
8 manager to subscribers at any time during that period. At the end of  
9 that period, any undistributed bill credit will be compensated to the  
10 community solar project manager or community solar subscription  
11 manager at the applicable electric utilities' avoided cost of  
12 wholesale power.

13       NEW SECTION. Sec. 3. A new section is added to chapter 80.28  
14 RCW to read as follows:

15       (1) The commission must adopt rules to implement a community  
16 solar program by April 30, 2024. The commission must adopt rules  
17 that, at a minimum:

18       (a) Create appropriate consumer protection guidelines; and

19       (b) Require investor-owned utilities to file the tariffs,  
20 agreements, or forms necessary for implementation of the community  
21 solar program.

22       (2) Commission staff must establish and maintain a publicly  
23 available queue of precertified projects in a manner that protects  
24 commercially sensitive or competitive information.

25       (3) A community solar project manager or community solar  
26 subscription manager must:

27       (a) Provide a list of subscribers and the following information  
28 about each subscriber to a utility, in a standardized electronic  
29 format approved by the commission, for the purpose of bill crediting  
30 to subscribers:

31       (i) The name, address, utility account number, and meter number  
32 of each subscriber;

33       (ii) The subscriber's share of the community solar project, which  
34 must be communicated as a percentage of the community solar project's  
35 generation or dollar amount;

36       (iii) If a community solar project manager or a community solar  
37 subscription manager is using net-crediting, the fee owed by each  
38 subscriber to the community solar project manager, communicated as a

1 percentage of the subscriber's total community solar bill credit  
2 received; and

3 (iv) A community solar project manager or a community solar  
4 subscription manager may update the list of subscribers on a monthly  
5 basis, at a minimum;

6 (b) Collect information regarding the financial benefits realized  
7 by low-income subscribers and low-income service provider  
8 subscribers;

9 (c) Administer the project in a transparent manner that allows  
10 for fair and nondiscriminatory opportunities for participation; and

11 (d) Provide each subscriber with a disclosure form containing all  
12 material terms and conditions of participation in the project  
13 including, but not limited to, the following:

14 (i) The term of participation;

15 (ii) Contract provisions regulating the disposition or transfer  
16 of the subscriber's interest in the project, including any potential  
17 costs associated with such a transfer;

18 (iii) All recurring and nonrecurring charges including any  
19 penalties for cancellation;

20 (iv) A description of the billing and payment procedures;

21 (v) Projected percentage of the customer's usage that will be  
22 allocated to a community solar project and a description of the  
23 methodology used to develop the projections;

24 (vi) Explanation of the subscriber's relationship to renewable  
25 energy credits;

26 (vii) Explanation of the responsibilities of the community solar  
27 project manager or community solar subscription manager, electric  
28 utility, and commission;

29 (viii) Contact information for questions and complaints; and

30 (ix) Any other terms and conditions of the services provided by  
31 the community solar subscription manager.

32 (4) A community solar project manager or a community solar  
33 subscription manager may not:

34 (a) Use credit checks or sign-up fees as qualifying or screening  
35 criteria for residential customers to become subscribers; or

36 (b) Charge early termination fees or other exit fees to  
37 residential customers who wish to terminate their subscription to a  
38 community solar project.

39 (5) A subscriber who has a change in the service address  
40 associated with the subscriber's subscription must maintain the

1 subscription for the new address if the new address is within the  
2 same electric territory as the old address. An electric utility or a  
3 subscriber organization may not terminate a subscriber's subscription  
4 due to a change of address for the service address associated with  
5 the subscription as long as it is within the same electric territory.  
6 An electric utility must make any changes necessary to accommodate a  
7 subscriber's change of address.

8 (6) (a) A community solar bill credit must equal the value of a  
9 subscriber's total kilowatt-hour rate including, but not limited to,  
10 all volumetric charges for generation, transmission, distribution,  
11 taxes, and fees.

12 (b) Each subscriber's monthly community solar bill credit must be  
13 applied to the subscriber's next retail electric bill and may offset  
14 all costs on the next monthly retail electric bill except for the  
15 minimum bill. Any unused bill credit must be rolled forward on the  
16 subscriber's utility account until it is consumed.

17 (c) Subscribers must be allowed to receive bill credits through  
18 the life of the community solar project.

19 (d) A minimum bill charged by an electric utility may not be  
20 increased due to a subscriber's participation in a community solar  
21 project.

22 (7) A community solar project manager or community solar  
23 subscription manager may enter into a net-crediting program on behalf  
24 of an eligible customer. Net crediting bills must include the  
25 subscriber's standard utility bill and the subscriber's subscription  
26 fee on the subscriber's monthly electric bill and provide the  
27 subscriber with a net credit equivalent to the total bill credit  
28 value for that generation period minus the subscription fee, provided  
29 the subscription fee is structured as a fixed percentage of bill  
30 credit value. The net crediting agreement must set forth payment  
31 terms from the electric utility to the community solar project  
32 manager or the community solar subscription manager of the community  
33 solar project, and the electric utility may charge a net crediting  
34 fee to the community solar project manager or community solar  
35 subscription manager of a community solar project that may not exceed  
36 two percent of the subscription fee.

37 (8) (a) At least 50 percent of the total community solar program  
38 generating capacity must be subscribed by low-income subscribers and  
39 low-income service provider subscribers.

1 (b) Low-income subscribers and low-income service provider  
2 subscribers are exempt from community solar program related fees.

3 (9) Costs incurred by an electric utility during the development  
4 and implementation of the community solar program are recoverable in  
5 electric utility rates. These costs include each electric utilities'  
6 prudently incurred start-up costs associated with implementing the  
7 community solar program. Start-up costs include, but are not limited  
8 to, costs associated with billing system upgrades, but exclude any  
9 costs associated with the electric utility developing a project.

10 (10) All renewable energy credits that are associated with the  
11 generation of electricity by a community solar project are the  
12 property of the community solar project manager and may be retired or  
13 transferred by the community solar project manager or retired on  
14 behalf of the subscribers.

15 (11) Nothing in this section may be construed as intending to  
16 preclude persons from investing in or possessing an ownership  
17 interest in a community solar project or from applying for and  
18 receiving federal investment tax credits.

19 **Sec. 4.** RCW 80.28.375 and 2017 3rd sp.s. c 36 s 11 are each  
20 amended to read as follows:

21 (1) No community solar (~~(company may engage in business in this~~  
22 ~~state except in accordance with the provisions of this chapter.~~  
23 ~~Engaging in business as a community solar company includes~~  
24 ~~advertising, soliciting, offering, or entering into an agreement to~~  
25 ~~own a community solar project and provide community solar project~~  
26 ~~services to electric utility)) project manager, community solar  
27 subscription manager, or their contracted agents, affiliates, or  
28 service providers may engage in business in this state except in  
29 accordance with the provisions of this chapter. Engaging in business  
30 includes advertising, soliciting, offering, or entering into an  
31 agreement to own a community solar project and provide community  
32 solar project services to customers.~~

33 (2) A community solar (~~(company)~~) project manager or community  
34 solar subscription manager must register with the commission before  
35 engaging in business in this state (~~(or applying for certification~~  
36 ~~from the Washington State University extension energy program under~~  
37 ~~RCW 82.16.165(1). Registration with the commission as a community~~  
38 ~~solar company must occur on an annual basis)). The registration must  
39 be on a form prescribed by the commission and contain that~~



1 information as the commission may by rule require, but must include  
2 at a minimum:

3 (a) The name and address of the community solar ((company))  
4 project manager or community solar subscription manager;

5 (b) The name and address of the community solar ((company's))  
6 project manager's registered agent, if any;

7 (c) ~~((The name, address, and title of each officer or director;~~

8 ~~(d))~~ The community solar ((company's ~~most current balance~~  
9 ~~sheet~~)) project manager's or community solar subscription manager's  
10 most current financial fitness, which should be filed confidentially;

11 ~~((e))~~ (d) The community solar ((company's)) project manager's  
12 or community solar subscription manager's latest annual report, if  
13 any, which should be filed confidentially;

14 ~~((f))~~ (e) A description of the services the community solar  
15 ((company)) project manager or community solar subscription manager  
16 offers or intends to offer(~~(, including financing models))~~; and

17 ~~((g))~~ (f) Disclosure of any pending litigation against it.

18 (3) As a precondition to registration, the commission may require  
19 the procurement of a performance bond or other mechanism sufficient  
20 to cover any advances or deposits the community solar ((company))  
21 project manager or community solar subscription manager may collect  
22 from ~~((project participants))~~ subscribers or order that the advances  
23 or deposits be held in escrow or trust. Required performance bonds  
24 must be of a size commensurate with the scope of the projects offered  
25 and may not be set in such a manner as to preclude nonprofits,  
26 individuals, and small businesses from participating as community  
27 solar project managers or community solar subscription managers.

28 (4) The commission may deny registration to any community solar  
29 ((company)) project manager or community solar subscription manager  
30 that:

31 (a) Does not provide the information required by this section;

32 (b) Fails to provide a performance bond or other mechanism, if  
33 required;

34 (c) Does not possess adequate financial resources to provide the  
35 proposed service; or

36 (d) Does not possess adequate technical competency to provide the  
37 proposed service.

38 (5) The commission must take action to approve or issue a notice  
39 of hearing concerning any application for registration within  
40 ~~((thirty))~~ 30 days after receiving the application. The commission

1 may approve an application with or without a hearing, should 30 days  
2 pass since an application has been filed and the commission has not  
3 acted it will be deemed approved. The commission may deny an  
4 application after a hearing.

5 (6) The commission may charge a community solar ((~~company~~))  
6 project manager or community solar subscription manager an annual  
7 application fee to recover the cost of processing applications for  
8 registration under this section. The fee must not be set in such a  
9 manner as to preclude nonprofits, individuals, and small businesses  
10 from participating as community solar project managers or community  
11 solar subscription managers.

12 (7) The commission may adopt rules that describe the manner by  
13 which it will register a community solar ((~~company~~)) project manager  
14 or community solar subscription manager, ensure that the terms and  
15 conditions of community solar projects or community solar project  
16 services comply with the requirements of chapter 36, Laws of 2017 3rd  
17 sp. sess., establish the community solar ((~~company's~~)) project  
18 manager's or community solar subscription manager's responsibilities  
19 for responding to customer complaints and disputes, and adopt annual  
20 reporting requirements. In addition to the application fee authorized  
21 under subsection (6) of this section, the commission may adopt  
22 regulatory fees applicable to a community solar ((~~companies~~)) project  
23 manager or community solar subscription manager pursuant to RCW  
24 80.04.080, 80.24.010, and 80.24.020. Such fees may not exceed the  
25 cost of ensuring compliance with this chapter.

26 (8) The commission may suspend or revoke a registration upon  
27 complaint by any interested party, or upon the commission's own  
28 motion after notice and opportunity for hearing, when it finds that a  
29 registered community solar ((~~company~~)) project manager or community  
30 solar subscription manager or its agent has violated this chapter or  
31 the rules of the commission, or that the community solar ((~~company~~))  
32 project manager or community solar subscription manager or its agent  
33 has been found by a court or governmental agency to have violated the  
34 laws of a state or the United States.

35 (9) For the purpose of ensuring compliance with this chapter, the  
36 commission may issue penalties against community solar companies for  
37 violations of this chapter as provided for public service companies  
38 pursuant to chapter 80.04 RCW.

39 (10) Upon request of the commission, a community solar  
40 ((~~company~~)) project manager or community solar subscription manager

1 registered under this section must provide information about its  
2 community solar projects or community solar project services.

3 (11) A violation of this section constitutes an unfair or  
4 deceptive act in trade or commerce in violation of chapter 19.86 RCW,  
5 the consumer protection act. Acts in violation of chapter 36, Laws of  
6 2017 3rd sp. sess. are not reasonable in relation to the development  
7 and preservation of business, and constitute matters vitally  
8 affecting the public interest for the purpose of applying the  
9 consumer protection act, chapter 19.86 RCW.

10 (12) For the purposes of RCW 19.86.170, actions or transactions  
11 of a community solar (~~company~~) project manager or community solar  
12 subscription manager may not be deemed otherwise permitted,  
13 prohibited, or regulated by the commission.

14 **Sec. 5.** RCW 82.16.182 and 2022 c 212 s 4 are each amended to  
15 read as follows:

16 (1) The definitions in this section apply throughout this section  
17 and RCW 82.16.183 unless the context clearly requires otherwise.

18 (a) ~~((i))~~ "Administrator" means the utility, nonprofit,  
19 community solar project manager, community solar subscription  
20 manager, tribal housing authority ~~((as provided in (a)(ii) of this~~  
21 ~~subsection))~~, or other local housing authority that organizes and  
22 administers a community solar project as provided in RCW 82.16.183  
23 and 82.16.170.

24 ~~((ii) A tribal housing authority may only administer a community~~  
25 ~~solar project on tribal lands or lands held in trust for a federally~~  
26 ~~recognized tribe by the United States for subscribers who are tribal~~  
27 ~~members.))~~

28 (b) "Certification" means the authorization issued by the  
29 Washington State University extension energy program establishing a  
30 community solar project administrator's eligibility to receive a low-  
31 income community solar incentive payment from the electric utility  
32 serving the site of the community solar project, on behalf of, and  
33 for the purpose of providing direct benefits to, its low-income  
34 subscribers, low-income service provider subscribers, and tribal and  
35 public agency subscribers.

36 (c) (i) "Community solar project" ~~((means a solar energy system~~  
37 ~~that:~~

38 ~~(A) Has a direct current nameplate capacity that is greater than~~  
39 ~~12 kilowatts but no greater than 199 kilowatts;~~

1       ~~(B) Has, at minimum, either two subscribers or one low-income~~  
2 ~~service provider subscriber; and~~

3       ~~(C) Meets the applicable eligibility requirements in RCW~~  
4 ~~82.16.183)) has the same meaning as defined in RCW 80.28.370.~~

5       (ii) A community solar project may include a storage system with  
6 a solar energy system.

7       (d) "Consumer-owned utility" has the same meaning as in RCW  
8 19.280.020.

9       (e) "Electric utility" or "utility" means a consumer-owned  
10 utility or investor-owned utility as those terms are defined in RCW  
11 19.280.020.

12       (f) "Energy assistance" has the same meaning as provided in RCW  
13 19.405.020.

14       (g) "Energy burden" has the same meaning as provided in RCW  
15 19.405.020.

16       (h) "Governing body" has the same meaning as provided in RCW  
17 19.280.020.

18       (i) (i) "Installed cost" includes only the renewable energy system  
19 components and fees that are integral and necessary for the  
20 generation and storage of electricity. Components and fees include:

21           (A) Solar modules and inverters;

22           (B) Battery systems;

23           (C) Balance of system, such as racking, wiring, switch gears, and  
24 meter bases;

25           (D) Nonhardware costs incurred up to the date of the final  
26 electrical inspection, such as fees associated with engineering,  
27 permitting, interconnection, and application;

28           (E) Labor; and

29           (F) Sales tax.

30       (ii) "Installed cost" does not include structures and fixtures  
31 that are not integral and necessary to the generation or storage of  
32 electricity, such as carports and roofing.

33       (j) "Interconnection customer" means the person, corporation,  
34 partnership, government agency, or other entity that proposes to  
35 interconnect, or has executed an interconnection agreement, with the  
36 electric utility.

37       (k) "Low-income" has the same meaning as provided in RCW  
38 19.405.020.

39       (l) "Low-income service provider" includes, but is not limited  
40 to, a local community action agency or local community service agency

1 designated by the department of commerce under chapter 43.63A RCW,  
2 local housing authority, tribal housing authority, low-income tribal  
3 housing program, affordable housing provider, food bank, or other  
4 nonprofit organization that provides services to low-income  
5 households as part of their core mission.

6 (m) "Multifamily residential building" means a building  
7 containing more than two sleeping units or dwelling units where  
8 occupants are primarily permanent in nature.

9 (n) "Person" means an individual, firm, partnership, corporation,  
10 company, association, agency, or any other legal entity.

11 (o) "Preferred sites" means rooftops, structures, existing  
12 impervious surfaces, landfills, brownfields, previously developed  
13 sites, irrigation canals and ponds, stormwater collection ponds,  
14 industrial areas, dual-use solar projects that ensure ongoing  
15 agricultural operations, and other sites that do not displace  
16 critical habitat or productive farmland as defined by state and  
17 county planning processes.

18 (p) "Public agency" means any political subdivision of the state  
19 including, but not limited to, municipal and county governments,  
20 special purpose districts, and local housing authorities, but does  
21 not include state agencies.

22 (q)(i) Except as otherwise provided in (q)(ii) of this  
23 subsection, "qualifying subscriber" means a low-income subscriber,  
24 low-income service provider subscriber, tribal agency subscriber, or  
25 public agency subscriber.

26 (ii) For tribal agency subscribers and public agency subscribers,  
27 only the portion of their subscription to a community solar project  
28 that is demonstrated to benefit low-income beneficiaries, including  
29 low-income service providers and services provided to low-income  
30 citizens or households, is to be considered a qualifying subscriber.

31 (r) "Retail electric customer" has the same meaning as in RCW  
32 80.60.010.

33 (s) "~~Subscriber~~ (~~means a retail electric customer of an~~  
34 ~~electric utility who owns or is the beneficiary of one or more units~~  
35 ~~of a community solar project directly interconnected with that same~~  
36 ~~utility)~~ has the same meaning as defined in RCW 80.28.370.

37 (t) "~~Subscription~~ (~~means an agreement between a subscriber and~~  
38 ~~the administrator of a community solar project)~~ has the same meaning  
39 as defined in RCW 80.28.370.

1 (u) "Community solar project manager" has the same meaning as  
2 defined in RCW 80.28.370.

3 (v) "Community solar subscription manager" has the same meaning  
4 as defined in RCW 80.28.370.

5 (2) This section expires June 30, 2038.

6 **Sec. 6.** RCW 82.16.183 and 2022 c 212 s 5 are each amended to  
7 read as follows:

8 (1) Beginning July 1, 2022, through June 30, 2033, an  
9 administrator of a community solar project meeting the eligibility  
10 requirements described in this section and RCW 82.16.170(3) may  
11 submit an application to the Washington State University extension  
12 energy program to receive a precertification for a community solar  
13 project. Projects with precertification applications approved by the  
14 Washington State University extension energy program have two years  
15 to complete their projects and apply for certification. Projects that  
16 have not completed certification within two years may apply to the  
17 Washington State University extension energy program for an extension  
18 of their precertification status for an additional 180 days if they  
19 can demonstrate significant progress during the time they were in  
20 precertification status. By certifying qualified projects pursuant to  
21 the requirements of this section and RCW 82.16.170(3), the Washington  
22 State University extension energy program authorizes the utility  
23 serving the site of a community solar project in the state of  
24 Washington to remit a one-time low-income community solar incentive  
25 payment to the community solar project administrator, who accepts the  
26 payment on behalf of, and for the purpose of providing direct  
27 benefits to, the project's qualifying subscribers.

28 (2) A one-time low-income community solar incentive payment  
29 remitted to a community solar project administrator for a project  
30 certified under this section equals the sum of the following:

31 (a) An amount, not to exceed \$20,000 per community solar project,  
32 equal to the community solar project's administrative costs related  
33 to the administrative start-up of the project for qualifying  
34 subscribers; and

35 (b) An amount that does not exceed 100 percent of the  
36 proportional cost of the installed cost of the share of the community  
37 solar project that provides direct benefits to qualifying  
38 subscribers, taking into account any federal tax credits or other

1 federal or nonfederal grants or incentives that the program is  
2 benefiting from.

3 (3) No new certification may be issued under this section for a  
4 community solar project that was certified under RCW 82.16.120 or  
5 82.16.165, or for a community solar project served by a utility that  
6 has elected not to participate in the incentive program provided in  
7 this section.

8 (4) Community solar projects that are under precertification  
9 status under RCW 82.16.165 as of June 30, 2020, may not apply for  
10 precertification of that same project for the one-time low-income  
11 community solar incentive payment provided in this section.

12 (5)(a) In addition to the one-time low-income community solar  
13 incentive payment under subsection (2) of this section, a  
14 participating utility must also provide the following compensation  
15 for the generation of electricity from the certified project:

16 (i) For a community solar project that has an alternating current  
17 nameplate capacity no greater than 100 kilowatts, and that is  
18 connected behind the electric service meter, compensation must be  
19 determined in accordance with RCW 80.60.020 and provided to the  
20 retail electric customer receiving service at the situs of the meter.

21 (ii) For all other community solar projects (~~for which the~~  
22 ~~administrator is not a utility, compensation paid to the~~  
23 ~~interconnection customer must be determined in a written agreement~~  
24 ~~between the interconnection customer and the utility.~~

25 ~~(iii) For all other community solar projects for which the~~  
26 ~~administrator is a utility, compensation must be provided directly to~~  
27 ~~subscribers in accordance with subsection (8)(a)(i) of this~~  
28 ~~section)), compensation paid to the interconnection customer must be  
29 determined in accordance with section 3 of this act and provided to  
30 the subscribers.~~

31 (~~(iv))~~) (iii)(A) When the administrator of a community solar  
32 project receives compensation for the generation of electricity from  
33 a participating utility, interconnection customer, or from the retail  
34 electric customer that is the host for the community solar project,  
35 the administrator must provide all of that compensation as a direct  
36 benefit to the project subscribers, except as described in (~~(iv))~~)  
37 (iii)(B) of this subsection.

38 (B) An administrator may deduct ongoing administrative and  
39 maintenance costs from compensation they provide to subscribers from  
40 power generation, provided those costs are identified in the

1 subscription agreement or justified to the Washington State  
2 University extension energy program. The Washington State University  
3 extension energy program shall review any such administrative and  
4 maintenance costs justifications for reasonableness and approve,  
5 reject, or negotiate changes to the proposal. An administrator may  
6 request a change in the deduction for administrative and maintenance  
7 costs to the Washington State University extension energy program  
8 only if the subscription agreement includes language notifying the  
9 subscriber that administrative and maintenance fees are subject to  
10 change.

11 (b) For 10 years after certification, and by March 1st of each  
12 year following certification, the administrator must provide the  
13 Washington State University extension energy program with signed  
14 statements of the following for the preceding year:

15 (i) The energy production for the period for which compensation  
16 is to be provided;

17 (ii) Each subscriber's units of the project;

18 (iii) The amount disbursed to each subscriber for the period; and

19 (iv) The date and amount disbursed to each subscriber.

20 (6) A utility's participation in the incentive program provided  
21 in this section is voluntary.

22 (a) The utility may terminate its voluntary participation in the  
23 incentive program by providing notice in writing to the Washington  
24 State University extension energy program to cease accepting new  
25 applications for precertification for community solar projects that  
26 would be served by that utility. Such notice of termination of  
27 participation is effective after 15 days, at which point the  
28 Washington State University extension energy program may not accept  
29 new applications for precertification for community solar projects  
30 that would be served by that utility.

31 (b) Upon receiving a utility's notice of termination of  
32 participation in the incentive program, the Washington State  
33 University extension energy program must report on its website that  
34 community solar project customers of that utility are no longer  
35 eligible to receive new certifications under the incentive program.

36 (c) A utility that has terminated participation in the incentive  
37 program may resume participation upon filing a notice with the  
38 Washington State University extension energy program.

39 (7) (a) The Washington State University extension energy program  
40 may issue certifications authorizing incentive payments under this



1 section in a total statewide amount not to exceed \$100,000,000, and  
2 subject to the following biennial dollar limits:

3 (i) For fiscal year 2023, \$300,000; and

4 (ii) For each biennium beginning on or after July 1, 2023,  
5 \$25,000,000.

6 (b) The Washington State University extension energy program must  
7 attempt to equitably distribute incentive funds throughout the state.  
8 Considerations for equitable fund distribution, based on  
9 precertification applications received from administrators served by  
10 utilities voluntarily participating in the incentive program, may  
11 include measures to reserve or allocate available funds based on the  
12 proportion of public utility taxes collected, the proportion of the  
13 state's low-income customers served by each utility based on low-  
14 income home energy assistance program data at the department of  
15 commerce, measures to achieve an equitable geographic distribution of  
16 community solar installations and a diversity of administrative  
17 models for community solar projects, and the amount of energy burden  
18 reduction for qualifying subscribers relative to the project's cost.  
19 If an equitable distribution of funds is not feasible due to a lack  
20 of precertification applications, the Washington State University  
21 extension energy program may allocate funds based on (a) of this  
22 subsection on a first-come, first-served basis.

23 (c) The Washington State University extension energy program must  
24 ensure that at least \$2,000,000 of the statewide total for the entire  
25 incentive program is used to support nonprofit organizations'  
26 innovative approaches to allocating benefits to subscribers, defining  
27 and valuing benefits to be provided to subscribers or other aspects  
28 of the subscriber, administrator, system host, and utility  
29 relationship.

30 (d) The Washington State University extension energy program must  
31 also ensure that at least \$2,000,000 of the statewide total for the  
32 entire incentive program is available to tribal governments and their  
33 designated subdivisions and agencies.

34 (e) The Washington State University extension energy program  
35 shall regularly publish and update guidelines for how it manages the  
36 allocation of available funding, based on the evaluation of  
37 applications and the factors specified in (b) of this subsection.

38 (f) Beginning in fiscal year 2026, the Washington State  
39 University extension energy program may waive the requirements in (c)  
40 or (d) of this subsection if it fails to receive applications that

1 meet the criteria of (c) or (d) of this subsection sufficient to  
2 result in the full allocation of incentives.

3 (8) (a) Prior to obtaining certification under this section, the  
4 administrator of a community solar project must apply for  
5 precertification against the funds available for incentive payments  
6 under subsection (7) of this section in order to be guaranteed an  
7 incentive payment under this section. The application for  
8 precertification must include, at a minimum:

9 (i) A demonstration of how the project will deliver continuing  
10 direct benefits to low-income subscribers. A direct benefit can  
11 include credit for the power generation for the community solar  
12 project or other mechanisms that lower the energy burden of a low-  
13 income subscriber; and

14 (ii) Any other information the Washington State University  
15 extension energy program deems necessary in determining eligibility  
16 for precertification.

17 (b) The administrator of a community solar project must complete  
18 an application for certification in accordance with the requirements  
19 of subsection (9) of this section within less than two years of being  
20 approved for precertification status. The administrator must submit a  
21 project update to the Washington State University extension energy  
22 program after one year in precertification status.

23 (9) To obtain certification for the one-time community solar  
24 incentive payment provided under this section, a project  
25 administrator must submit to the Washington State University  
26 extension energy program an application, including, at a minimum:

27 (a) A signed statement that the applicant has not previously  
28 received a notice of eligibility from the department under RCW  
29 82.16.120 or the Washington State University extension energy program  
30 under RCW 82.16.165 entitling the applicant to receive annual  
31 incentive payments for electricity generated by the community solar  
32 project at the same meter location;

33 (b) A signed statement of the costs paid by the administrator  
34 related to administering the project for qualifying subscribers;

35 (c) A signed statement of the total project costs, including the  
36 proportional cost of the share of the community solar project that  
37 provides direct benefits to qualifying subscribers;

38 (d) A signed statement describing the amount of the upfront  
39 incentive and the timing, method, and distribution of estimated  
40 benefits to qualifying subscribers. The statement must describe any

1 estimated energy burden reduction associated with the direct  
2 benefits;

3 (e) Available system operation data, such as global positioning  
4 system coordinates, tilt, estimated shading, and azimuth;

5 (f) Any other information the Washington State University  
6 extension energy program deems necessary in determining eligibility  
7 and incentive levels or administering the program;

8 (g)(i) Except as provided in (g)(ii) of this subsection (9), the  
9 date that the community solar project received its final electrical  
10 inspection from the applicable local jurisdiction, as well as a copy  
11 of the permit or, if the permit is available online, the permit  
12 number or other documentation deemed acceptable by the Washington  
13 State University extension energy program;

14 (ii) The Washington State University extension energy program may  
15 waive the requirement in (g)(i) of this subsection (9), accepting an  
16 application and granting provisional certification prior to proof of  
17 final electrical inspection. Provisional certification expires 180  
18 days after issuance, unless the applicant submits proof of the final  
19 electrical inspection from the applicable local jurisdiction or the  
20 Washington State University extension energy program extends  
21 certification, for a term or terms of 30 days, due to extenuating  
22 circumstances;

23 (h) Confirmation of the number of qualifying subscribers;

24 (i) A copy of the executed agreement describing how benefits will  
25 be determined and distributed from the retail electric customer or  
26 interconnection customer to the administrator if the administrator  
27 and the retail electric customer or interconnection customer are not  
28 the same. The Washington State University extension energy program  
29 must review the executed agreement to determine that benefits are  
30 being fairly determined and that there is an adequate plan for  
31 distributing the benefits; and

32 (j) Any other information the Washington State University  
33 extension energy program deems necessary in determining eligibility  
34 and incentive levels or administering the program.

35 (10) No incentive payments may be authorized or accrued until the  
36 final electrical inspection and executed interconnection agreement  
37 are submitted to the Washington State University extension energy  
38 program.

39 (11)(a) The Washington State University extension energy program  
40 must review each project for which an application for certification

1 is submitted in accordance with subsection (8) of this section for  
2 reasonable cost and financial structure, with a targeted installed  
3 cost for the solar energy system of \$2 per watt direct current for  
4 systems over 200 kilowatts and \$2.25 per watt direct current for  
5 systems equal to or under 200 kilowatts. For solar energy systems  
6 that include storage systems, the targeted installed cost of the  
7 storage system is \$600 per kilowatt-hour of storage capacity.

8 (b) The Washington State University extension energy program may  
9 approve an application for a project that costs more or less than the  
10 targeted installed costs under (a) of this subsection based on a  
11 review of the project, documents submitted by the project applicant,  
12 and available data. Project cost evaluations may include costs  
13 associated with energy storage systems and electrical system  
14 improvements to permit grid-independent operation. Applicants may  
15 petition the Washington State University extension energy program to  
16 approve a higher cost per watt or per kilowatt-hour for unusual  
17 circumstances.

18 (c) The Washington State University extension energy program may  
19 review the cost per watt target under (a) of this subsection prior to  
20 each fiscal biennium and is authorized to determine a new cost per  
21 watt target.

22 (12)(a) Within 30 days of receipt of an application for  
23 certification, the Washington State University extension energy  
24 program must notify the applicant and, except when a utility is the  
25 applicant, the utility serving the site of the community solar  
26 project, by mail or electronically, whether certification has been  
27 granted. The certification notice must state the total dollar amount  
28 of the low-income community solar incentive payment for which the  
29 applicant is eligible under this section.

30 (b) Within 60 days of receipt of a notification under (a) of this  
31 subsection, the utility serving the site of the community solar  
32 project must remit the applicable one-time low-income community solar  
33 incentive payment to the project administrator, who accepts the  
34 payment on behalf of, and for the purpose of providing direct  
35 benefits to, the project's qualifying subscribers.

36 (13)(a) Certification follows the community solar project if the  
37 following conditions are met using procedures established by the  
38 Washington State University extension energy program:

1 (i) The community solar project is transferred to a new owner who  
2 notifies the Washington State University extension energy program of  
3 the transfer;

4 (ii) The new owner provides an executed interconnection agreement  
5 with the utility serving the site of the community solar project; and

6 (iii) The new owner agrees to provide equivalent ongoing benefits  
7 to qualifying subscribers as the current owner.

8 (b) In the event that a qualifying subscriber terminates their  
9 participation in a community solar project during the first 120  
10 months after project certification, the system certification follows  
11 the project and participation must be transferred to a new qualifying  
12 subscriber.

13 (14) Beginning January 1, 2023, the Washington State University  
14 extension energy program must post on its website and update at least  
15 monthly a report, by utility, of:

16 (a) The number of certifications issued for community solar  
17 projects; and

18 (b) An estimate of the amount of credit that has not yet been  
19 allocated for low-income community solar incentive payments and that  
20 remains available for new community solar project certifications in  
21 the state.

22 (15) Persons receiving incentive payments under this section must  
23 keep and preserve, for a period of five years for the duration of the  
24 consumer contract, suitable records as may be necessary to determine  
25 the amount of incentive payments applied for and received.

26 (16) The nonpower attributes of the community solar project must  
27 be retired on behalf of the subscribers unless, in the case of a  
28 utility-owned community solar project, a contract between the  
29 subscriber that benefits the subscriber clearly states that the  
30 attributes will be retained and retired by the utility.

31 (17) All lists, technical specifications, determinations, and  
32 guidelines developed under this section must be made publicly  
33 available online by the Washington State University extension energy  
34 program.

35 (18) The Washington State University extension energy program  
36 may, through a public process, develop incentive program  
37 requirements, policies, and processes necessary for the  
38 administration or implementation of this section.

39 (19) Applications, certifications, requests for incentive  
40 payments under this section, and the information contained therein

1 are not deemed tax information under RCW 82.32.330 and are subject to  
2 disclosure.

3 (20) No certification may be issued under this section by the  
4 Washington State University extension energy program for a community  
5 solar project after June 30, 2035.

6 (21) Community solar projects certified under this section must  
7 be sited on preferred sites to protect natural and working lands as  
8 determined by the Washington State University extension energy  
9 program.

10 (22) This section expires June 30, 2038.

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