

A GLIDE PATH FOR SOLAR INCENTIVES



OVERHEATED INCENTIVES



**PROGRAM ENDS PREMATURELY
DEPRESSES MARKET**



INCENTIVES RENEWED

SIW 2017 Legislative Team



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2017 Solar Governor



SB 5939

Sec 1 Declarations

- **Local investment in renewables**
- **Increase program cost-effectiveness**
- **Opportunities for renters**
- **Community Solar Projects for utilities, non-profits, housing authorities**

Sec 2 Tax Performance

- **Reduce fossil fuel dependence**
- **Economic Development**
- **Sustainably increase clean energy jobs**
- **115 MW by 6/30/2021**
- **Increased per capita solar related jobs**
- **Improved national ranking**
- **WSU to collect data**

Sec 3 Amend and Close Old Program

- DOR hands program admin off to WSU
- Ends prorating incentive if oversubscribed
- Old program rates are locked in at 2016 levels
- Existing participants have 'til 4/30/18 to re-apply
- Array tilt, azimuth, GPS, and shading data will be added
- WSU will calculate the incentives earned

Sec 4 Amend Tax Credit Limit

- PUT credit can include cost of program admin
- Credit = 1.5% of 2014 power sales (or \$250K)
- 'Soft' limit (if oversold, will not be recaptured)
- PUT credits for old program end 6/30/2020
- PUT credits for new program end 6/30/2029
- Last credit accepted by DOR on 6/30/2030

Sec 5 Definitions

- Commercial scale solar > 12 kW
- Community Solar Project \leq 1 MW

Sec 5 Definitions (cont'd)

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- **Customer Owner** – Utility customer that occupies the premises
- **Program Term** = 8 years or until project cost is 50% recouped
- **Residential Scale** \leq 12 kW
- **Shared Commercial Solar Projects** > 1 MW, ≤ 5 MW

Sec 6 New Program

- **Opens** 7/1/2017
- **Annual limits:** Resi = \$5K, Commercial = \$25K, SCSP = \$35K
- **No old program systems** can be in new program
- **New program system** at same location as old program system is OK
- **Expanding a system** under new program is OK, but will earn rates in effect at expansion
- **Utilities** can opt in or out, but must keep existing participants in program
- **WSU** establishes a reporting and fee system
- **Application** includes tilt, azimuth, GPS, and shading + date of electrical permit final
- **SCSP's** and **CSP's** can pre-certify up to 1 year in advance of project
- **WSU** may have a reservation system for resi and commercial projects
- **Certification** is valid for program term and is attached to the system

Sec 6 New Program (cont'd)

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Fiscal year of system certification	Base rate residential scale	Base rate commercial scale	Base rate community solar	Base rate shared commercial solar	Made in Washington Bonus
2018	\$0.16	\$0.06	\$0.16	\$0.06	\$0.05
2019	\$0.14	\$0.04	\$0.14	\$0.04	\$0.04
2020	\$0.12	\$0.02	\$0.12	\$0.02	\$0.03
2021	\$0.10	\$0.02	\$0.10	\$0.02	\$0.02

- **Limits: CSP's + SCSP's = 50% of fund, Commercial = 25% of fund, fund limit = \$110M**
- **SCSPs payments limited to difference between LCOE & customer utility rate**
- **Utility reports production**
- **WSU reports payments due**
- **Starting 1/1/18 WSU must report monthly:**
 - Number of certifications**
 - Estimate of remaining funds**
- **Incentive recipients must keep records for 5 years**
- **RECs stay with customer**

Sec 6 New Program (cont'd)

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- No certifications after 6/30/2021
- \$125 fee for applicants to new program
- WSU may develop rules through public process, and DOR may adopt
- Incentive payments etc are not deemed tax info and may be disclosed
- Shared Commercial Solar Projects $> 1 \text{ MW}$, $\leq 5 \text{ MW}$
- WSU must report by 11/1/19 program stats as of 7/1/19:
 - Number and types of systems
 - Utilities that are approaching or have reached limits
 - Share of threshold amount by system type
 - CSP deployment assessment
 - Evaluation of low-income deployment
 - Barriers to participation by nonprofits if any
 - Total dollar amount paid under new program
 - Total MW installed in new program
- By 12/21/19 Legislature must review and determine if PUT credit cap should be increased to 2%

Sec 7 Community Solar Programs

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- **No more than 1MW**
- **No less than 10 participants or one per 10 kW**
- **Participants must be in same utility district as project except...**
- **When utilities form joint operating agreement**
- **CSP admin may ask fee for service**
- **CSP admin keeps records, provides disclosures:**
 - Terms of project**
 - Billing and payment procedures**
 - Compensation for underperformance, if any**
 - Production projections and methodology**
 - Contact info**
- **UTC must publish:**
 - List of entities organizing and administering CSPs**
 - List of IOU-owned CSPs**
- **COU boards must publish:**
 - Non-utility administrators contracted to CSPs**

Sec 8 Shared Commercial Solar Projects

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- **Purpose:** For large customers to have solar without site limitations
- **Must have at least 5 participants**
- **Must be >1 MW and \leq 5 MW**
- **Participant must be utility customer located in WA**
- **Admin may have fee for service, with proper notice**
- **Must submit plan to WSU**
- **Admin must disclose all details to participants**
- **Legislature prefers work to be done by WA contractors**
- **Documentation needed to justify use of out-of-state contractors**

Sec 9 Disclosure of Tax Incentives Available

- **Sellers of PV for use in a system in Washington must:**
 - Provide current tax incentive information**
 - Scheduled expiration dates**
- **Maximum term of benefits**

Sec 10 Community Solar Company Definitions

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- **Community Solar Company (CSC) owns CSP and provides CSP services to participants**
- **Community Solar Projects provide electrical or financial benefits from CSP to participants**
- **Project Participant: Utility customer who enters into a lease, PPA, loan, etc. with CSC**

Sec 11 Community Solar Companies

- **Must register with the UTC**
- **UTC may require a performance bond**
- **UTC may charge an application fee**
- **UTC may adopt regulatory fees**
- **UTC may issue penalties**

Sec 12 Recycling Program

- **Department of Ecology to develop guidance**
- **Each manufacturer must submit a stewardship plan by 1/1/2020**
- **Manufacturers submit annual report, beginning 4/1/2022**

Sec 12 Recycling Program (cont'd)

- Starting 1/1/2021 manufacturers must submit stewardship plan
- Ecology may assess fee
- A PV module recycling account will be created
- Ecology may adopt rules
- A National program can be used instead of stewardship plan

Sec 13 Assessment of Financing Tools

- Assess access to federal tax incentives by low and moderate income households
- UTC must assess and report to legislature by 12/31/17
- UTC may implement too to aggregate incentives if feasible

Sec 14 Sales Tax Exemption on > 10 kW

- Expires 9/30/17 except for > 500 kW

Sec 15 Sales Tax Exemption on \leq 10 kW

- Expires 9/30/17

Sec 16 Use Tax Exemption on > 10 kW

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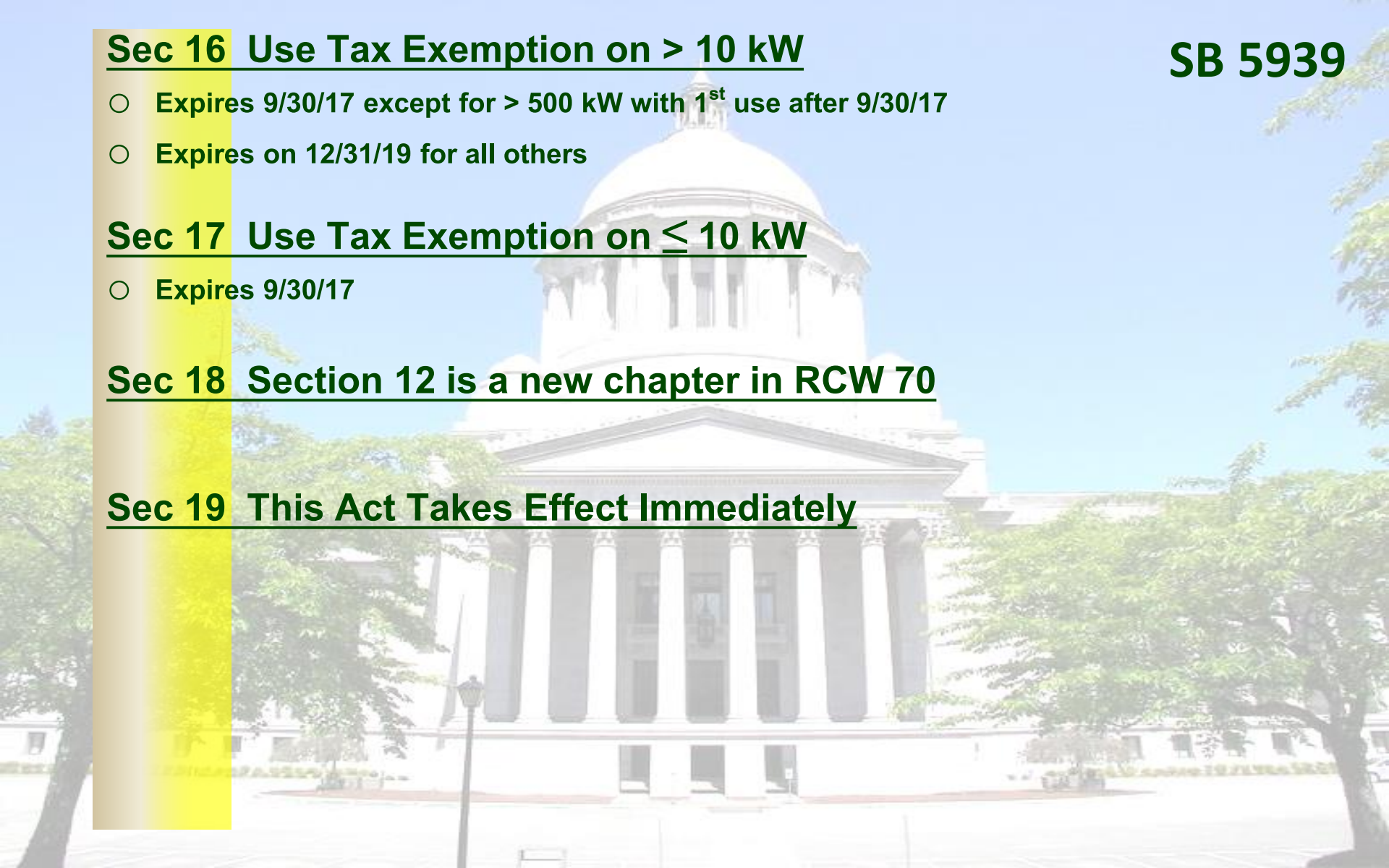
- Expires 9/30/17 except for > 500 kW with 1st use after 9/30/17
- Expires on 12/31/19 for all others

Sec 17 Use Tax Exemption on \leq 10 kW

- Expires 9/30/17

Sec 18 Section 12 is a new chapter in RCW 70

Sec 19 This Act Takes Effect Immediately



To Find the Bill

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