
Environment & Energy Committee

HB 1046

Brief Description: Concerning community solar programs.

Sponsors: Representatives Bateman and Duerr.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Requires the Utilities and Transportation Commission to adopt by rule a program for the procurement of electricity from community solar projects by investor-owned utilities.

Hearing Date: 1/12/21

Staff: Nikkole Hughes (786-7156).

Background:

Community Solar Projects Under the Renewable Energy Production Incentive Program.

Under the Renewable Energy Production Incentive Program, a "community solar project" is a solar energy system that has a direct current nameplate generating capacity no greater than 1,000 kilowatts. A community solar project that has a generating capacity greater than 500 kilowatts must be subject to a standard interconnection agreement with the utility serving the site of the project. A community solar project must be administered by a utility, non-profit organization, or local housing authority, and it must have at least 10 participants or one participant for every 10 kilowatts of direct current nameplate capacity, whichever is greater. Except for community solar projects administered in cooperation with a joint operating agency, each participant must be a customer of the utility providing service at the site of the community solar project.

The administrator of a community solar project must provide each project participant with a disclosure form containing all material terms and conditions of participation in the project.

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.

Community Solar Company Registration Requirements.

In addition to requirements under the Renewable Energy Production Incentive Program, community solar companies must register with the Utilities and Transportation Commission (UTC) in order to engage in business in the state or to apply to the Washington State University Energy Program for certification under the Production Incentive Program. Engaging in business as a community solar company includes advertising, soliciting, offering, or entering into an agreement to own a community solar project and provide community solar services to electric utility customers. Registration with the UTC must occur on an annual basis. Failure of a community solar company to register with the UTC constitutes an unfair or deceptive act in trade or commerce in violation of the Consumer Protection Act.

"Community solar company" means a person, firm, or corporation, other than an electric utility or community solar cooperative, that owns a community solar project and provides community solar project services to project participants.

Summary of Bill:

Utilities and Transportation Commission Community Solar Program.

The Utilities and Transportation Commission (UTC) must adopt by rule a program for the procurement of electricity from community solar projects. As part of this program, the UTC must:

- adopt rules prescribing what qualifies a community solar project to participate in the program;
- prescribe the form and manner by which project managers may apply for certification and the form and manner by which qualified community solar projects receive certification for participation in the program;
- require, by rule or order, investor-owned utilities to enter into a 20 year or longer power purchase agreement with a certified community solar project;
- determine a methodology by which 40 percent of the total program generating capacity is made available for use by low-income consumers and low-income service provider consumers of electricity; and
- periodically review and adjust the program.

The UTC must adopt rules that, at a minimum:

- minimize the shifting of costs from the program to ratepayers that do not own or participate in a community solar project;
- incentivize consumers of electricity to be project participants;
- protect project participants from undue financial hardship; and
- protect the public interest.

A community solar project manager may offer proportional ownership in or proportional

participation in a community solar project in any amount that does not exceed a potential project participant's average annual consumption of electricity. Any monetary value associated with the generation of electricity in excess of a project participant's annual consumption must be used, on March 31 of each calendar year, by the investor-owned utility procuring electricity from the community solar project in support of low-income customers or low-income service provider customers.

The UTC may adopt a rate for an investor-owned utility to use in crediting a project participant's electric bill. An investor-owned utility must credit a project participant's electric bill for electricity generated by a community solar project for the project participant.

All start-up costs prudently incurred during the development or modification of a community solar program are recoverable in the rates of an investor-owned utility. Costs incurred by an investor-owned utility under the terms of a power purchase agreement are also recoverable in the utility's rates. Moneys collected pursuant to imposing those rates, under the terms of a power purchase agreement, may be transferred to a community solar project manager for the purpose of operating a community solar project.

All renewable energy certificates that are associated with the generation of electricity by a community solar project are either owned by the investor-owned utility or retired on behalf of the project participant.

Community Solar Project Manager Registration Requirements.

The definition for "community solar company" is repealed and replaced with a definition for "community solar project manager," which means the entity identified as having responsibility for managing the operation of a community solar project and, if applicable, for maintaining contact with the investor-owned utility that procures electricity from the community solar project. A community solar project manager may be an investor-owned utility or an independent third party.

The definition for "community solar project" in the context of registration requirements is amended to mean one or more solar energy systems that provide project participants the opportunity to share the costs and benefits associated with the generation of electricity by solar energy systems.

Appropriation: None.

Fiscal Note: Requested on January 5, 2021.

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