
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: H-1079.1/13 ROUGH DRAFT

ATTY/TYPIST: JA:seg

BRIEF DESCRIPTION: Creating clean energy jobs in Washington state through renewable energy incentives.

1 AN ACT Relating to creating clean energy jobs in Washington state
2 through renewable energy incentives; amending RCW 82.16.120, 82.16.130,
3 43.180.260, and 82.16.110; and adding new sections to chapter 82.16
4 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.16 RCW
7 to read as follows:

8 The legislature seeks to ensure that Washington is positioned to
9 attract and grow a vibrant clean technology sector, with attendant job
10 growth that can benefit all residents of the state, by: Modifying a
11 tax credit providing incentives to encourage energy consumers to meet
12 their on-site electricity demands by installing renewable energy
13 systems, establishing a fund to incubate clean energy manufacturing in
14 Washington by awarding vouchers through a competitive process that
15 gives preference to systems built in Washington, and establishing
16 performance milestones to measure the level of success achieved.

17 **Sec. 2.** RCW 82.16.120 and 2011 c 179 s 3 are each amended to read
18 as follows:

1 (1)(a) Any individual, business, local governmental entity, not in
2 the light and power business or in the gas distribution business, or a
3 participant in a community solar project may apply to the light and
4 power business serving the situs of the system, each fiscal year
5 beginning on July 1, 2005, and ending June 30, 2013, for an investment
6 cost recovery incentive for each kilowatt-hour from a customer-
7 generated electricity renewable energy system. No incentive may be
8 paid under this subsection for kilowatt-hours generated before July 1,
9 2005, or after June 30, 2020.

10 (b) In the case of a community solar project as defined in RCW
11 82.16.110(~~(+2)~~) (3)(a)(i), the administrator must apply for the
12 investment cost recovery incentive on behalf of each of the other
13 owners. (~~(+e)~~) In the case of a community solar project as defined in
14 RCW 82.16.110(~~(+2)~~) (3)(a)(iii), the company owning the community
15 solar project must apply for the investment cost recovery incentive on
16 behalf of each member of the company.

17 ~~(2)((+a) Before submitting for the first time the application for~~
18 ~~the incentive allowed under subsection (4))~~ Beginning July 1, 2013,
19 any individual, business, or local governmental entity, not in the
20 light and power business or in the gas distribution business, may apply
21 to the light and power business serving the situs of the system to
22 receive for a ten-year term a phase II investment cost recovery
23 incentive for each kilowatt-hour produced by a customer-generated
24 electricity renewable energy system.

25 (a) The ten-year term begins on, whichever of the following dates
26 is later:

27 (i) The first day after notification has been received of
28 certification by the department, as established in subsection (3)(b) of
29 this section;

30 (ii) The first day after the system has received its final
31 electrical permit from the relevant jurisdiction; or

32 (iii) The first day that a meter capable of measuring the system's
33 electricity production has been installed.

34 (b) Beginning July 1, 2013, any light and power businesses, which
35 participated in the investment cost recovery incentive program
36 established in subsection (1) of this section by claiming in any year
37 a credit against taxes due, must offer customers ten-year contracts for
38 the payment of an annual renewable investment cost recovery incentive.

1 If, during the contract term, there is a change in ownership of the
2 real property upon which a system is installed, the contract must be
3 transferrable to the new owner, provided that the new owner is also an
4 individual, business, or local governmental entity eligible for such
5 payments under this subsection (2).

6 (3)(a) Before submitting the application to qualify for the
7 incentive allowed under subsection (1) or (2) of this section, the
8 applicant must submit to the department of revenue and to the climate
9 and rural energy development center at the Washington State University,
10 established under RCW 28B.30.642, (~~a certification~~) an application in
11 a form and manner prescribed by the department that includes, but is
12 not limited to, the following information:

13 (i) The name and address of the applicant and location of the
14 renewable energy system.

15 (A) If the applicant is an administrator of a community solar
16 project as defined in RCW 82.16.110(~~(+2)~~) (3)(a)(i), the certification
17 must also include the name and address of each of the owners of the
18 community solar project.

19 (B) If the applicant is a company that owns a community solar
20 project as defined in RCW 82.16.110(~~(+2)~~) (3)(a)(iii), the
21 certification must also include the name and address of each member of
22 the company;

23 (ii) The applicant's tax registration number;

24 (iii) That the electricity produced by the applicant meets the
25 definition of "customer-generated electricity" and that the renewable
26 energy system produces electricity with:

27 (A) Any solar inverters and solar modules manufactured in
28 Washington state;

29 (B) A wind generator powered by blades manufactured in Washington
30 state;

31 (C) A solar inverter manufactured in Washington state;

32 (D) A solar module manufactured in Washington state;

33 (E) A stirling converter manufactured in Washington state; or

34 (F) Solar or wind equipment manufactured outside of Washington
35 state;

36 (iv) That the electricity can be transformed or transmitted for
37 entry into or operation in parallel with electricity transmission and
38 distribution systems; (~~and~~)

1 (v) The date that the renewable energy system received its final
2 electrical permit from the applicable local jurisdiction; and

3 (vi) The date that a production meter or other meter capable of
4 determining the system's electricity production within a ninety-eight
5 percent degree of accuracy became operable.

6 (b) Within thirty days of receipt of the ((certification))
7 application the department of revenue must notify the applicant by
8 mail, or electronically as provided in RCW 82.32.135, whether the
9 renewable energy system qualifies for an incentive under this section.
10 The department may consult with the climate and rural energy
11 development center to determine eligibility for the incentive. System
12 ((certifications)) applications and the information contained therein
13 are subject to disclosure under RCW 82.32.330(3)(1).

14 ~~((3)(a) By August 1st of each year application for the incentive~~
15 ~~must be made to the light and power business serving the situs of the~~
16 ~~system by certification in a form and manner prescribed by the~~
17 ~~department that includes, but is not limited to, the following~~
18 ~~information:~~

19 ~~(i) The name and address of the applicant and location of the~~
20 ~~renewable energy system.~~

21 ~~(A) If the applicant is an administrator of a community solar~~
22 ~~project as defined in RCW 82.16.110(2)(a)(i), the application must also~~
23 ~~include the name and address of each of the owners of the community~~
24 ~~solar project.~~

25 ~~(B) If the applicant is a company that owns a community solar~~
26 ~~project as defined in RCW 82.16.110(2)(a)(iii), the application must~~
27 ~~also include the name and address of each member of the company;~~

28 ~~(ii) The applicant's tax registration number;~~

29 ~~(iii) The date of the notification from the department of revenue~~
30 ~~stating that the renewable energy system is eligible for the incentives~~
31 ~~under this section; and~~

32 ~~(iv) A statement of the amount of kilowatt hours generated by the~~
33 ~~renewable energy system in the prior fiscal year.~~

34 ~~(b) Within sixty days of receipt of the incentive certification the~~
35 ~~light and power business serving the situs of the system must notify~~
36 ~~the applicant in writing whether the incentive payment will be~~
37 ~~authorized or denied. The business may consult with the climate and~~
38 ~~rural energy development center to determine eligibility for the~~

1 ~~incentive payment. Incentive certifications and the information~~
2 ~~contained therein are subject to disclosure under RCW 82.32.330(3)(1))~~
3 (4)(a) An applicant, who has qualified to receive the incentive
4 provided in subsection (1) or (2) of this section, is a certified
5 participant. Except as provided pursuant to a waiver under (b) of this
6 subsection, by August 1st of each year, in order to receive an annual
7 incentive payment, the certified participant must submit to the light
8 and power business serving the situs of the system a statement of the
9 kilowatt-hours generated by the renewable energy system in the prior
10 fiscal year. The statement must be in the form of a sworn affidavit
11 signed by the system owners or, in the case of a community solar
12 project, system administrators. The amount of kilowatt-hours generated
13 by the system over the course of the year may be determined by reading
14 a production meter, or any other meter that is ninety-eight percent
15 accurate, including a meter that reads an inverter connected to the
16 system. Incentive certifications and the information contained therein
17 are subject to disclosure under RCW 82.32.330(3)(1).

18 (b) If the light and power business serving the situs of the system
19 has the ability to remotely read the kilowatt-hours generated by the
20 renewable energy system, it may apply for a waiver excusing a certified
21 participant from filing the annual statement required in (a) of this
22 subsection. The light and power business must submit an application
23 for such a waiver in the form and manner prescribed by the department.
24 The application must state the meter reading methods that will be used
25 by the light and power business and state the estimated accuracy of
26 such methods. If the stated accuracy of the meter reading method is
27 ninety-eight percent or greater, the waiver must be granted unless the
28 department, pursuant to adjudicatory process, proves a less
29 accurate read rate. Upon notice that the department has granted the
30 waiver, the light and power business must notify the certified
31 participant that it is excused from the reporting requirement
32 established in (a) of this subsection. Within sixty days of receipt of
33 the sworn statement described in (a) of this subsection, or, when a
34 waiver is in place, by August 1st of each year, the light and power
35 business serving the situs of the system must notify the applicant in
36 writing whether the incentive payment will be authorized or denied.

37 (c)(i) Persons, administrators of community solar projects, and
38 companies receiving incentive payments must keep and preserve, for a

1 period of five years, suitable records as may be necessary to determine
2 the amount of incentive applied for and received. Such records must be
3 open for examination at any time upon notice by the light and power
4 business that made the payment or by the department. If upon
5 examination of any records or from other information obtained by the
6 business or department it appears that an incentive has been paid in an
7 amount that exceeds the correct amount of incentive payable, the
8 business may assess against the person for the amount found to have
9 been paid in excess of the correct amount of incentive payable and must
10 add thereto interest on the amount. Interest is assessed in the manner
11 that the department assesses interest upon delinquent tax under RCW
12 82.32.050.

13 (ii) If it appears that the amount of incentive paid is less than
14 the correct amount of incentive payable the business may authorize
15 additional payment.

16 ~~((+4))~~ (5) Except for community solar projects and except as
17 otherwise provided in this section, the investment cost recovery
18 incentive may be paid fifteen cents per economic development kilowatt-
19 hour unless requests exceed the amount authorized for credit to the
20 participating light and power business. For community solar projects,
21 the investment cost recovery incentive may be paid thirty cents per
22 economic development kilowatt-hour unless requests exceed the amount
23 authorized for credit to the participating light and power business.
24 For the purposes of this section, the rate paid for the investment cost
25 recovery incentive may be multiplied by the following factors:

26 (a) For customer-generated electricity produced using solar modules
27 manufactured in Washington state or a solar stirling converter
28 manufactured in Washington state, two and four-tenths;

29 (b) For customer-generated electricity produced using a solar or a
30 wind generator equipped with an inverter manufactured in Washington
31 state, one and two-tenths;

32 (c) For customer-generated electricity produced using an anaerobic
33 digester, or by other solar equipment or using a wind generator
34 equipped with blades manufactured in Washington state, one; and

35 (d) For all other customer-generated electricity produced by wind,
36 eight-tenths.

37 ~~((+5))~~ (6)(a) No individual, household, business, or local
38 governmental entity is eligible for incentives provided under

1 subsection ~~((4))~~ (1) of this section for more than five thousand
2 dollars per year. No individual, household, business, or local
3 governmental entity is eligible for phase II incentives provided under
4 subsection (2) of this section for any kilowatt-hours generated in
5 excess of the net kilowatt-hours consumed at the metered location, as
6 calculated each fiscal year.

7 (b) Except as provided in (c) through (e) of this subsection
8 ~~((5))~~ (6), each applicant in a community solar project is eligible
9 for up to five thousand dollars per year.

10 (c) Where the applicant is an administrator of a community solar
11 project as defined in RCW 82.16.110~~((2))~~ (3)(a)(i), each owner is
12 eligible for an incentive but only in proportion to the ownership share
13 of the project, up to five thousand dollars per year.

14 (d) Where the applicant is a company owning a community solar
15 project that has applied for an investment cost recovery incentive on
16 behalf of its members, each member of the company is eligible for an
17 incentive that would otherwise belong to the company but only in
18 proportion to each ownership share of the company, up to five thousand
19 dollars per year. The company itself is not eligible for incentives
20 under this section.

21 (e) In the case of a utility-owned community solar project, each
22 ratepayer that contributes to the project is eligible for an incentive
23 in proportion to the contribution, up to five thousand dollars per
24 year.

25 ~~((6))~~ (7) If requests for the investment cost recovery incentive
26 exceed the amount of funds available for credit to the participating
27 light and power business, the incentive payments must be reduced
28 proportionately.

29 ~~((7))~~ (8) The climate and rural energy development center at
30 Washington State University energy program may establish guidelines and
31 standards for technologies that are identified as Washington
32 manufactured and therefore most beneficial to the state's environment.

33 ~~((8))~~ (9) The environmental attributes of the renewable energy
34 system belong to the applicant, and do not transfer to the state or the
35 light and power business upon receipt of the investment cost recovery
36 incentive.

37 ~~((9) No incentive may be paid under this section for kilowatt-~~

1 ~~hours generated before July 1, 2005, or after June 30, 2020))~~ (10) For
2 payment of the phase II incentive set forth in subsection (2) of this
3 section, the base rate must be adjusted in the following manner:

4 (a) The base rate must be adjusted downwards if requests in a given
5 fiscal year exceed the amount authorized for credit to the
6 participating light and power business, as provided in subsection (12)
7 of this section.

8 (b) The base rate must be adjusted by a market correction factor,
9 determined in consultation with the department of commerce, beginning
10 July 1, 2018. If the base rate, once subject to the market correction
11 factor, is less than the retail cost of electricity offered by the
12 light and power business serving the system, the certified participant
13 is not eligible for incentive payments and the light and power business
14 is not eligible for a corresponding tax credit for that fiscal year.

15 (11) The department must announce the phase II incentive rate, as
16 adjusted, no later than June 30th of each year until 2029.

17 (12) The total amount authorized for credit under subsection (2) of
18 this section is determined in the following manner: By July 15, 2013,
19 the department must determine the total dollar amount of all credits
20 that it awarded to each light and power business against taxes due
21 pursuant to this section, since the program's inception in 2005 until
22 June 30, 2013, and must provide these dollar amounts to the commission
23 and to each light and power business. Each businesses' total dollar
24 amount is multiplied by two to establish the amount of tax credits
25 reserved to reimburse that light and power business for phase II
26 incentive payments.

27 (13) By of each year, the department must report to the
28 commission the total dollar amount of credits claimed by each light and
29 power business in the previous fiscal year for payments made pursuant
30 to subsections (1) and (2) of this section.

31 **Sec. 3.** RCW 82.16.130 and 2010 c 202 s 3 are each amended to read
32 as follows:

33 (1) A light and power business (~~shall be~~) is allowed a credit
34 against taxes due under this chapter in an amount equal to the
35 investment cost recovery incentive payments made in any fiscal year
36 under RCW 82.16.120(1). The credit (~~shall~~) must be taken in a form

1 and manner as required by the department. No credit may be claimed
2 under RCW 82.16.120(1) after June 30, 2021.

3 (2) A light and power business is allowed a credit against taxes
4 due under this chapter in an amount equal to the investment cost
5 recovery incentive payments made in any fiscal year under RCW
6 82.16.120(2). The credit must be taken in a form and manner as
7 required by the department. No credit may be claimed pursuant to RCW
8 82.16.120(2) after June 30, 2031.

9 (3) A light and power business is allowed a credit against taxes
10 due under this chapter in an amount equal to payments made in any
11 fiscal year under the green jobs voucher program established under RCW
12 43.180.260.

13 (4) No entity may claim double credit for the same electricity
14 generation by seeking or retaining payment or credit pursuant to both
15 RCW 82.16.120 (1) and (2), or pursuant to both RCW 82.16.120 and
16 43.180.260, for the same electricity generation.

17 (5) Limitation on total credits available under RCW 82.16.120: The
18 credit under this section for the fiscal year may not exceed one-half
19 percent of the businesses' taxable power sales due under RCW
20 82.16.020(1)(b) or one hundred thousand dollars, whichever is greater.

21 (a) Incentive payments to participants in a utility-owned community
22 solar project as defined in RCW 82.16.110(~~(+2)~~) (3)(a)(ii) may only
23 account for up to twenty-five percent of the total allowable credit.
24 Incentive payments to participants in a company-owned community solar
25 project as defined in RCW 82.16.110(~~(+2)~~) (3)(a)(iii) may only account
26 for up to five percent of the total allowable credit.

27 (b) The credit may not exceed the tax that would otherwise be due
28 under this chapter. Refunds (~~shall~~) may not be granted in the place
29 of credits. Expenditures not used to earn a credit in one fiscal year
30 may not be used to earn a credit in subsequent years.

31 (~~(+2)~~) (c) Except as provided in RCW 43.180.260, the amount of
32 phase II incentive payments for which a light and power business may
33 receive credit each year is no greater than one-tenth of the amount
34 determined in RCW 82.16.120(12).

35 (6) For any business that has claimed credit for amounts that
36 exceed the correct amount of the incentive payable under RCW 82.16.120,
37 the amount of tax against which credit was claimed for the excess
38 payments (~~shall be~~) are immediately due and payable. The department

1 (~~shall~~) must assess interest but not penalties on the taxes against
2 which the credit was claimed. Interest (~~shall be~~) is assessed at the
3 rate provided for delinquent excise taxes under chapter 82.32 RCW,
4 retroactively to the date the credit was claimed, and (~~shall~~) accrues
5 until the taxes against which the credit was claimed are repaid.

6 (~~(3) The right to earn tax credits under this section expires June~~
7 ~~30, 2020. Credits may not be claimed after June 30, 2021~~) (7) For
8 incentive payments made pursuant to RCW 82.16.120(1), the right to earn
9 tax credits under this section expires June 30, 2020, and credits may
10 not be claimed after June 30, 2021. For incentive payments made
11 pursuant to RCW 82.16.120(2), the right to earn tax credits under this
12 section expires June 30, 2030, and credits may not be claimed after
13 June 30, 2031.

14 (8) On July 1, 2013, unutilized credits that would have been
15 available to a light and power business pursuant to the program
16 established in RCW 82.16.120, beginning July 1, 2005, and ending June
17 30, 2013, must be rolled over into a green jobs competitive pool as
18 provided in RCW 43.180.260. For the purposes of this subsection,
19 "unutilized credits" means the difference between the light and power
20 businesses' credit cap, as established in subsection (5) of this
21 section, and the credits claimed for payments made pursuant to RCW
22 82.16.120(1).

23 **Sec. 4.** RCW 43.180.260 and 2009 c 65 s 3 are each amended to read
24 as follows:

25 (1) If economically feasible, the commission (~~shall~~) must develop
26 and implement a sustainable energy trust program to provide financing
27 for qualified improvement projects. In developing the sustainable
28 energy trust program, the commission (~~shall~~) must establish
29 eligibility criteria for financing that will enable it to choose
30 eligible applicants who are likely to repay loans made or acquired by
31 the commission and funded from the proceeds of commission bonds.

32 (2) The commission (~~shall~~) must, if economically feasible:

33 (a) Issue bonds, as defined in RCW 43.180.020, for the purpose of
34 financing loans for qualified energy efficiency and renewable energy
35 improvement projects in accordance with RCW 43.180.150;

36 (b) Participate fully in federal and other governmental programs

1 and take actions that are necessary and consistent with this chapter to
2 secure to itself and the people of the state the benefits of programs
3 to promote energy efficiency and renewable energy technologies;

4 (c) Contract with a certifying authority to accept applications for
5 energy efficiency and renewable energy improvement projects, to review
6 applications, including binding fixed price bids for the improvements,
7 and to approve qualified improvements for financing by the commission.
8 For solar electric systems, the certifying authority must use an
9 application certification process similar to the investment cost
10 recovery incentive application process provided under RCW 82.16.120.
11 No work by a certifying authority may commence under this section until
12 a request has been made by the commission; and

13 (d) Before entering into a contract with a certifying authority as
14 defined in RCW 43.180.020(2)(b), consult with the Washington State
15 University extension energy (~~(extension [extension energy])~~) program to
16 determine which potential improvement technologies are appropriate.

17 (3) There is hereby created within the sustainable energy trust
18 program a green jobs competitive pool. The purpose of the green jobs
19 competitive pool is to award incentive payments by a competitive
20 process that will promote installation of renewable energy systems in
21 the state of Washington, giving preference to systems that were
22 manufactured in the state of Washington.

23 (a) Beginning July 1, 2014, any person, as defined in RCW
24 82.04.030, who owns a renewable energy system with a generating
25 capacity of up to one hundred kilowatts may apply to the commission to
26 be awarded a voucher, entitling that person to receive payments from
27 the light and power business serving that system for a term of ten
28 years. Renewable energy systems for which the person already has
29 received incentive payments pursuant to RCW 82.16.120 (1) or (2) are
30 not eligible to be awarded a voucher.

31 (b) By November 1, 2013, the commission must establish objective,
32 competitive criteria for awarding the voucher. The identity of the
33 light and power business serving the applicant may not be given weight
34 in the award of applications. The criteria must include, but are not
35 limited to:

36 (i) The amount of payment, in cents per kilowatt hour, the
37 applicant is seeking;

1 (ii) Whether the system contains Washington-manufactured
2 components;

3 (iii) The system's cost-effectiveness, based on the estimated life-
4 cycle cost per kilowatt-hour generated, with the duration of the life-
5 cycle determined by the number of years for which the manufacturer has
6 warranted critical components of the system;

7 (iv) The degree to which installation of the system or type of
8 system contributes to verifiable job creation in the state of
9 Washington; and

10 (v) The degree to which the state investment of green job tax
11 credits pursuant to the voucher leverages nonstate funds.

12 (c) The commission must develop a form to be used by applicants for
13 the green jobs voucher. The form must include, but is not limited to,
14 the following information:

15 (i) The name and address of the applicant;

16 (ii) The location, capacity, and anticipated power generation of
17 the renewable energy system;

18 (iii) The name and address of each of the legal owners of the
19 system, if different from the applicant;

20 (iv) The owners' tax registration numbers;

21 (v) Specifications for the system, including the extent to which
22 the system includes:

23 (A) Any solar inverters and solar modules manufactured in
24 Washington state;

25 (B) A wind generator powered by blades manufactured in Washington
26 state;

27 (C) A stirling converter manufactured in Washington state;

28 (D) Other components manufactured in Washington state; and

29 (E) Solar, wind, or other equipment manufactured outside of
30 Washington state;

31 (vi) A certification that the electricity can be transformed or
32 transmitted for entry into or operation in parallel with electricity
33 transmission and distribution systems;

34 (vii) A list of any nonstate incentives that the applicant is
35 planning to seek to further subsidize the system costs;

36 (viii) The date that the renewable energy system received or
37 expects to receive its final electrical permit from the applicable
38 local jurisdiction and the date that a production meter or other meter

1 capable of determining the system's electricity production within a
2 ninety-eight percent degree of accuracy became or is expected to become
3 operable; and

4 (ix) The amount of payment, in cents per kilowatt hour, the
5 applicant is seeking.

6 (d) Upon determining that a person is to be awarded the voucher
7 provided in this section, the commission must notify the applicant that
8 the system has been certified to receive the incentive. The commission
9 must also present a certificate to the light and power business serving
10 the situs of the system, informing the light and power business of the
11 amount of incentive payments, per kilowatt-hour of electricity produced
12 by that system, that the light and power business must make to the
13 system owner for a term of ten years. The term for which a utility
14 makes incentive payments pursuant to the voucher must begin on the day
15 after the commission certifies a system for the incentive, or on the
16 first day after the system has received its final electrical permit
17 from the relevant jurisdiction, or on the day after a production meter
18 or other accurate meter becomes operable on site, whichever date is
19 later.

20 (e) No new vouchers may be awarded pursuant to this section after
21 June 30, 2024.

22 (4) The amount of payments that may be awarded through the green
23 jobs voucher program each year for the next ten years is determined as
24 follows: Prior to September 1, 2013, the commission must estimate how
25 many total credits will be available to utilities for the voucher
26 program established in this section over the ten-year period beginning
27 July 1, 2014, and ending June 30, 2024. The total credits available
28 for the ten-year period must be determined, in consultation with the
29 department of revenue, by subtracting: The amount of credits that will
30 be available to the light and power businesses in making ten years of
31 phase I and phase II incentive payments, pursuant to RCW 82.16.120 (1)
32 and (2) from one-half percent of the estimated sum of all the
33 participating utilities' taxable power sales due under RCW
34 82.16.020(1)(b), as provided in RCW 82.16.120(12).

35 (5) Each year for ten years beginning July 1, 2014, the commission
36 must allocate one-tenth of the total credits determined in subsection
37 (4) of this section, using the competitive bidding process described in
38 subsection (3) of this section.

1 (6) By December 1st of each year, beginning in 2015, a light and
2 power business may request that the commission reserve and make
3 available additional credits for providing phase II incentive payments
4 pursuant to RCW 82.16.120(2), above and beyond the limit on credits
5 available for phase II incentive payments established in RCW
6 82.16.120(12).

7 (7) By July 1, 2014, the commission must establish and publicize a
8 process, including objective standards, by which it will determine if
9 a light and power business is approaching the limit established in RCW
10 82.16.120(12) on credits available to a light and power business for
11 making phase II incentive payments. If the commission determines that
12 a light and power business is approaching this limit and as a result,
13 there is a negative impact on the growth and development of new
14 renewable energy systems served by that utility, the commission may
15 transfer credits from the green jobs competitive pool back to that
16 utility.

17 (8) If a change in circumstance, including a decision to transfer
18 credits back to a light and power business pursuant to subsection (7)
19 of this section, results in a change in the estimated total credits
20 available for the green jobs voucher program, the commission must
21 prorate the amount of funding available for each year remaining in the
22 program.

23 (9) No general fund resources may be expended to implement this
24 section.

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.16 RCW
26 to read as follows:

27 (1) The legislature finds that accountability and the effectiveness
28 of attempts to foster job creation and retention are important aspects
29 of setting tax policy. In order to make policy choices regarding the
30 best use of limited state resources, the legislature needs to know how
31 the incentives are used, and the degree to which they meet the
32 legislature's intent.

33 (2) The "national solar jobs census 2011" produced by the solar
34 foundation states that there were 2,301.37 solar-related jobs in
35 Washington in 2011, and ranks Washington twelfth of the fifty states
36 for solar-related employment. The "national solar jobs census 2011"

1 also states that Washington has 3.42 solar-related jobs per ten
2 thousand residents, and ranks Washington tenth of the fifty states for
3 per capita solar-related employment.

4 (3) The performance milestones to be reached by 2021 as a result of
5 the tax credits awarded under RCW 82.16.120, 82.16.130, and 43.180.260
6 are as follows:

7 (a) As measured by the "national solar jobs census" or other
8 equivalent study of solar-related employment:

9 (i) An increase in the total number and per capita rate of solar-
10 related jobs in Washington; and

11 (ii) Achievement of a top ten ranking for solar-related employment
12 and a top nine ranking for per capita solar-related employment;

13 (b) A one hundred percent increase in the utilization of the tax
14 credits awarded under this chapter, from the 3,119 installed solar
15 systems in 2012 to 6,238 installed solar systems;

16 (c) A one hundred percent increase in the amount of installed solar
17 system megawatts, from 1.6093 megawatts to 3.22 megawatts; and

18 (d) Increases in renewable-related employment and utilization of
19 the other renewable generating resources covered in this act, from a
20 baseline, to be determined by the commission.

21 (4) The commission, in consultation with the Washington State
22 University energy program, must measure the amount of progress towards
23 achieving the outcomes described in subsection (3) of this section.
24 Subject to data availability, the measures must include, but are not
25 limited to:

26 (a) The total number and per capita rate of solar-related jobs in
27 Washington;

28 (b) Washington's national ranking for solar-related employment and
29 per capita solar-related employment;

30 (c) The number of installed solar systems;

31 (d) The amount of installed solar system electricity generation
32 capacity, as measured in megawatts;

33 (e) The levels of renewable-related employment and utilization of
34 the other renewable generating resources covered in this act as
35 determined by the commission;

36 (f) The average efficiency rate of the conversion of natural energy
37 into electricity;

38 (g) The average price per kilowatt-hour generated; and

1 (h) The degree to which the state investment leverages nonstate
2 funds as measured by:

3 (i) The total amount of tax credits awarded in Washington and
4 within each county; and

5 (ii) The total amount of nonstate funds leveraged in Washington and
6 within each county.

7 (5) All recipients of tax credits awarded under this chapter must
8 provide the commission with any data requested for reporting purposes.
9 Failure to comply may result in the loss of a tax credit award in the
10 following year.

11 (6) By December 31st each year, beginning in 2014, and in
12 compliance with RCW 43.01.036, the commission must submit a report to
13 the legislature that details the progress achieved in reaching the
14 intended outcomes specified in this section.

15 **Sec. 6.** RCW 82.16.110 and 2011 c 179 s 2 are each amended to read
16 as follows:

17 The definitions in this section apply throughout this chapter
18 unless the context clearly requires otherwise.

19 (1) "Administrator" means an owner and assignee of a community
20 solar project as defined in subsection ~~((+2+))~~ (3)(a)(i) of this
21 section that is responsible for applying for the investment cost
22 recovery incentive on behalf of the other owners and performing such
23 administrative tasks on behalf of the other owners as may be necessary,
24 such as receiving investment cost recovery incentive payments, and
25 allocating and paying appropriate amounts of such payments to the other
26 owners.

27 (2) "Commission" means the Washington state housing finance
28 commission as defined in RCW 43.180.020.

29 (3)(a) "Community solar project" means:

30 (i) A solar energy system that is capable of generating up to
31 seventy-five kilowatts of electricity and is owned by local
32 individuals, households, nonprofit organizations, or nonutility
33 businesses that is placed on the property owned by a cooperating local
34 governmental entity that is not in the light and power business or in
35 the gas distribution business;

36 (ii) A utility-owned solar energy system that is capable of
37 generating up to seventy-five kilowatts of electricity and that is

1 voluntarily funded by the utility's ratepayers where, in exchange for
2 their financial support, the utility gives contributors a payment or
3 credit on their utility bill for the value of the electricity produced
4 by the project; or

5 (iii) A solar energy system, placed on the property owned by a
6 cooperating local governmental entity that is not in the light and
7 power business or in the gas distribution business, that is capable of
8 generating up to seventy-five kilowatts of electricity, and that is
9 owned by a company whose members are each eligible for an investment
10 cost recovery incentive for the same customer-generated electricity as
11 provided in RCW 82.16.120.

12 (b) For the purposes of "community solar project" as defined in (a)
13 of this subsection:

14 (i) "Company" means an entity that is:

- 15 (A)(I) A limited liability company;
- 16 (II) A cooperative formed under chapter 23.86 RCW; or
- 17 (III) A mutual corporation or association formed under chapter
18 24.06 RCW; and

19 (B) Not a "utility" as defined in this subsection (~~(+2)~~) (3)(b);
20 and

21 (ii) "Nonprofit organization" means an organization exempt from
22 taxation under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue
23 code of 1986, as amended, as of January 1, 2009; and

24 (iii) "Utility" means a light and power business, an electric
25 cooperative, or a mutual corporation that provides electricity service.

26 (~~(+3)~~) (4) "Customer-generated electricity" means a community
27 solar project or the alternating current electricity that is generated
28 from a renewable energy system located in Washington and installed on
29 an individual's, businesses', or local government's real property that
30 is also provided electricity generated by a light and power business.
31 Except for community solar projects, a system located on a leasehold
32 interest does not qualify under this definition. Except for utility-
33 owned community solar projects, "customer-generated electricity" does
34 not include electricity generated by a light and power business with
35 greater than one thousand megawatt hours of annual sales or a gas
36 distribution business.

37 (~~(+4)~~) (5) "Economic development kilowatt-hour" means the actual

1 kilowatt-hour measurement of customer-generated electricity multiplied
2 by the appropriate economic development factor.

3 ~~((+5+))~~ (6) "Local governmental entity" means any unit of local
4 government of this state including, but not limited to, counties,
5 cities, towns, municipal corporations, quasi-municipal corporations,
6 special purpose districts, and school districts.

7 ~~((+6+))~~ (7) "Photovoltaic cell" means a device that converts light
8 directly into electricity without moving parts.

9 ~~((+7+))~~ (8) "Renewable energy system" means a solar energy system,
10 an anaerobic digester as defined in RCW 82.08.900, or a wind generator
11 used for producing electricity.

12 ~~((+8+))~~ (9) "Solar energy system" means any device or combination
13 of devices or elements that rely upon direct sunlight as an energy
14 source for use in the generation of electricity.

15 ~~((+9+))~~ (10) "Solar inverter" means the device used to convert
16 direct current to alternating current in a solar energy system.

17 ~~((+10+))~~ (11) "Solar module" means the smallest nondivisible self-
18 contained physical structure housing interconnected photovoltaic cells
19 and providing a single direct current electrical output.

20 ~~((+11+))~~ (12) "Stirling converter" means a device that produces
21 electricity by converting heat from a solar source utilizing a stirling
22 engine.

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