
SENATE BILL 5614

State of Washington 60th Legislature 2007 Regular Session

By Senators Rockefeller, Poulsen, Tom and Kline

Read first time 01/25/2007. Referred to Committee on Water, Energy & Telecommunications.

1 AN ACT Relating to investment cost recovery incentives for
2 renewable energy systems; and amending RCW 82.16.110 and 82.16.120.

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

4 **Sec. 1.** RCW 82.16.110 and 2005 c 300 s 2 are each amended to read
5 as follows:

6 The definitions in this section apply throughout this chapter
7 unless the context clearly requires otherwise.

8 (1) "Community-based solar energy project" means a cooperative
9 venture of local citizens and a local government entity, which is
10 voluntarily funded, for the installation of photovoltaic systems of
11 less than one hundred thirty kilowatts on property owned by the
12 participating governmental entity.

13 (2) "Customer-generated electricity" means the alternating current
14 electricity that is generated from a renewable energy system located on
15 an individual's, businesses', or local government's real property that
16 is also provided electricity generated by a light and power business.
17 Except for a community-based solar energy project, a system located on
18 a leasehold interest does not qualify under this definition.

1 "Customer-generated electricity" does not include electricity generated
2 by a light and power business with greater than one thousand megawatt
3 hours of annual sales or a gas distribution business.

4 ~~((+2))~~ (3) "Economic development kilowatt-hour" means the actual
5 kilowatt-hour measurement of customer-generated electricity multiplied
6 by the appropriate economic development factor.

7 ~~((+3))~~ (4) "Local governmental entity" means any unit of local
8 government of this state including, but not limited to, counties,
9 cities, towns, municipal corporations, quasi-municipal corporations,
10 special purpose districts, and school districts.

11 (5) "Photovoltaic cell" means a device that converts light directly
12 into electricity without moving parts.

13 ~~((+4))~~ (6) "Renewable energy system" means a solar energy system,
14 an anaerobic digester as defined in RCW 82.08.900, or a wind generator
15 used for producing electricity.

16 ~~((+5))~~ (7) "Solar energy system" means any device or combination
17 of devices or elements that rely upon direct sunlight as an energy
18 source for use in the generation of electricity.

19 ~~((+6))~~ (8) "Solar inverter" means the device used to convert
20 direct current to alternating current in a photovoltaic cell system.

21 ~~((+7))~~ (9) "Solar module" means the smallest nondivisible self-
22 contained physical structure housing interconnected photovoltaic cells
23 and providing a single direct current electrical output.

24 ~~((+8))~~ (10) "Standards for interconnection to the electric
25 distribution system" means technical, engineering, operational, safety,
26 and procedural requirements for interconnection to the electric
27 distribution system of a light and power business.

28 **Sec. 2.** RCW 82.16.120 and 2005 c 300 s 3 are each amended to read
29 as follows:

30 (1) Any individual, business, or local governmental entity, not in
31 the light and power business or in the gas distribution business, may
32 apply to the light and power business serving the situs of the system,
33 each fiscal year beginning on July 1, 2005, for an investment cost
34 recovery incentive for each kilowatt-hour from a customer-generated
35 electricity renewable energy system installed on its property that is
36 not interconnected to the electric distribution system. No incentive

1 may be paid for kilowatt-hours generated before July 1, 2005, or after
2 June 30, 2014.

3 ~~(2) ((When light and power businesses serving eighty percent of the
4 total customer load in the state adopt uniform standards for
5 interconnection to the electric distribution system, any individual,
6 business, or local governmental entity, not in the light and power
7 business or in the gas distribution business, may apply to the light
8 and power business serving the situs of the system, each fiscal year,
9 for an investment cost recovery incentive for each kilowatt hour from
10 a customer generated electricity renewable energy system installed on
11 its property that is not interconnected to the electric distribution
12 system and from a customer generated electricity renewable energy
13 system installed on its property that is interconnected to the electric
14 distribution system. Uniform standards for interconnection to the
15 electric distribution system means those standards established by light
16 and power businesses that have ninety percent of total requirements the
17 same. No incentive may be paid for kilowatt hours generated before
18 July 1, 2005, or after June 30, 2014.~~

19 ~~(3))~~(a) Before submitting for the first time the application for
20 the incentive allowed under this section, the applicant shall submit to
21 the department of revenue and to the climate and rural energy
22 development center at the Washington State University, established
23 under RCW 28B.30.642, a certification in a form and manner prescribed
24 by the department that includes, but is not limited to, the following
25 information:

26 (i) The name and address of the applicant and location of the
27 renewable energy system;

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

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

32 (A) Any solar inverters and solar modules manufactured in
33 Washington state;

34 (B) A wind generator powered by blades manufactured in Washington
35 state;

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

37 (D) A solar module manufactured in Washington state; or

1 (E) Solar or wind equipment manufactured outside of Washington
2 state;

3 (iv) That the electricity can be transformed or transmitted for
4 entry into or operation in parallel with electricity transmission and
5 distribution systems;

6 (v) The date that the renewable energy system received its final
7 electrical permit from the applicable local jurisdiction.

8 (b) Within thirty days of receipt of the certification the
9 department of revenue shall advise the applicant in writing whether the
10 renewable energy system qualifies for an incentive under this section.
11 The department may consult with the climate and rural energy
12 development center to determine eligibility for the incentive. System
13 certifications and the information contained therein are subject to
14 disclosure under RCW 82.32.330(3)(m).

15 (~~(4)~~) (3)(a) By August 1st of each year application for the
16 incentive shall be made to the light and power business serving the
17 situs of the system by certification in a form and manner prescribed by
18 the department that includes, but is not limited to, the following
19 information:

20 (i) The name and address of the applicant and location of the
21 renewable energy system;

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

23 (iii) The date of the letter from the department of revenue stating
24 that the renewable energy system is eligible for the incentives under
25 this section;

26 (iv) A statement of the amount of kilowatt-hours generated by the
27 renewable energy system in the prior fiscal year.

28 (b) Within sixty days of receipt of the incentive certification the
29 light and power business serving the situs of the system shall notify
30 the applicant in writing whether the incentive payment will be
31 authorized or denied. The business may consult with the climate and
32 rural energy development center to determine eligibility for the
33 incentive payment. Incentive certifications and the information
34 contained therein are subject to disclosure under RCW 82.32.330(3)(m).

35 (c)(i) Persons receiving incentive payments shall keep and
36 preserve, for a period of five years, suitable records as may be
37 necessary to determine the amount of incentive applied for and
38 received. Such records shall be open for examination at any time upon

1 notice by the light and power business that made the payment or by the
2 department. If upon examination of any records or from other
3 information obtained by the business or department it appears that an
4 incentive has been paid in an amount that exceeds the correct amount of
5 incentive payable, the business may assess against the person for the
6 amount found to have been paid in excess of the correct amount of
7 incentive payable and shall add thereto interest on the amount.
8 Interest shall be assessed in the manner that the department assesses
9 interest upon delinquent tax under RCW 82.32.050.

10 (ii) If it appears that the amount of incentive paid is less than
11 the correct amount of incentive payable the business may authorize
12 additional payment.

13 (~~(+5)~~) (4) The investment cost recovery incentive may be paid
14 fifteen cents per economic development kilowatt-hour unless requests
15 exceed the amount authorized for credit to the participating light and
16 power business. For the purposes of this section, the rate paid for
17 the investment cost recovery incentive may be multiplied by the
18 following factors:

19 (a) For customer-generated electricity produced using solar modules
20 manufactured in Washington state, two and four-tenths;

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

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

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

29 (~~(+6)~~) (5) No individual, household, business, or local
30 governmental entity is eligible for incentives for more than two
31 thousand dollars per year. For the purpose of calculating the annual
32 incentive limit under this subsection, community-based solar projects
33 that are located on separate parcels of property, are not to be
34 combined, as each project is individually eligible for incentives of up
35 to two thousand dollars per year per project.

36 (~~(+7)~~) (6) If requests for the investment cost recovery incentive
37 exceed the amount of funds available for credit to the participating

1 light and power business, the incentive payments shall be reduced
2 proportionately.

3 ~~((+8))~~ (7) The climate and rural energy development center at
4 Washington State University energy program may establish guidelines and
5 standards for technologies that are identified as Washington
6 manufactured and therefore most beneficial to the state's environment.

7 ~~((+9))~~ (8) The environmental attributes of the renewable energy
8 system belong to the applicant, and do not transfer to the state or the
9 light and power business upon receipt of the investment cost recovery
10 incentive.

--- END ---