

Environment & Energy Committee

HB 1598

Brief Description: Concerning fair access to community solar.

Sponsors: Representatives Bernbaum, Parshley, Tharinger, Berry, Ramel, Doglio, Pollet, Reed and Kloba.

Brief Summary of Bill

- Requires utilities to provide credits on the electric bills of customers of community solar projects.
- Establishes a new community solar program and requires the Utilities and Transportation Commission to develop the program through rulemaking and workshops.
- Changes existing law for community solar projects, including by increasing the maximum allowable size of community solar projects from 1000 kilowatts (kW) to 5000kW.
- Amends the Washington State University Extension Energy Community Solar Expansion Program, including by allowing larger projects under the new definition and businesses to participate.

Hearing Date: 2/10/25

Staff: Megan McPhaden (786-7114).

Background:

Community Solar Projects and Companies.

A community solar project is a solar energy system that has a direct current nameplate generating capacity (capacity) of no more than 1000 kilowatts (kW) of direct current electricity.

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.

Customers of a community solar company may be involved in a community solar project through lease agreements, power purchase agreements, loans, or financial agreements other than direct ownership of a community solar project.

A community solar company is a person, firm, or corporation, other than an electric utility, that owns a community solar project and provides services to participants. Community solar companies that wish to engage in business in the state must register annually with the Utilities and Transportation Commission (UTC). The UTC's rules establish requirements for registration, consumer protection, records keeping, and reporting for community solar projects.

The UTC may require the procurement of a performance bond or other mechanism that covers any advances that a community solar company may collect from subscribers, or it may order that the advances of the deposits be held in escrow or trust.

The UTC may charge a community solar company an annual application fee for a community solar project.

Washington State University Extension Energy Program and the Community Solar Expansion Program.

The Washington State University Extension Energy Program (WSU Energy Program) administers the Community Solar Expansion Program (incentive program), which is authorized to provide \$100 million in incentive payments until June 30, 2036, for the development of community solar projects benefitting low-income subscribers, low-income provider subscribers, and tribal and public agency subscribers. Administrators of projects under the incentive program may be a utility, nonprofit, tribal housing authority administering a project on tribal lands or trust lands, or other local housing authority. Projects under the incentive program are limited to 199kW.

Summary of Bill:

Community Solar Projects.

A community solar project is a solar energy system that provides community solar subscribers a community solar bill credit. It must also:

- have an alternate current capacity that is no larger than 5,000 kW;
- be located in the state and be connected to an electric utility's distribution system;
- have a minimum of three subscribers, where no single customer owns or subscribes to more than 49 percent of the project's generating capacity;
- not be located on the same or adjoining parcel as another community solar project unless the parcel is a preferred site, or the project includes an energy storage system.;
- The definition of preferred site now includes projects owned by tribes, properties identified by the Department of Natural Resources for solar development, and solar

projects that intentionally integrate with agricultural operations.

- have at least 50 percent of the generating capacity subscribed to by residential subscribers; and
- have at least 30 percent of the generating capacity subscribed to by low-income subscribers, low-income service provider subscribers, or a combination of the two.

Community Solar Program.

A community solar program is a program that allows for the development of community solar projects and provides customers of a utility with the option of subscribing to a project and receiving community solar bill credits.

A new community solar program (program) is established that allows for subscribers to community solar programs to apply credits to their monthly retail electricity bills.

Monthly Community Solar Bill Credits and Net-Crediting.

Subscribers must receive credits on their electricity bills based on their share of the community solar project's electricity generation. Each subscriber's monthly community solar bill credit must be applied to the subscriber's next retail electric bill.

A community solar subscription manager may enter into a net-crediting program on behalf of a customer. Net-crediting is a payment mechanism that requires an investor-owned utility to include both the community solar subscription cost and the community solar bill credit on the subscriber's electricity bill. Investor-owned utilities may impose a net-crediting fee of no more than 1 percent of the cost of the subscription, unless the UTC determines a higher fee is just and reasonable. Retail bills subject to net-crediting must display the subscriber's subscription fee and furnish the subscriber with a net-credit equivalent to the total bill credit value for the generation period, deducting the subscription fee and any program-related administrative fees.

The UTC shall adopt a community solar bill credit valuation methodology that recognizes and incorporates the values that community solar programs bring to the electrical grid, including the value of:

- the electricity;
- the projects to transmission and distribution capacity;
- the projects to grid reliability and resilience;
- environmental attributes, greenhouse gas reductions, methane leakage reductions, public health, and energy security; and
- other factors associated with locally produced electricity as determined by the UTC.

The valuation methodology must provide additional value for community solar projects when the project:

- is located on a preferred site;
- is owned by or serves tribal communities; or
- incorporates energy storage.

The community solar bill credit valuation must ensure the ability to finance, develop, and maintain community solar projects; maximize the value that ratepayers, subscribers, and host communities receive from projects; and include an annual escalator. Unsubscribed energy credits may be rolled forward on a community solar project account until it is allocated by a community solar project manager or community solar subscription manager to subscribers.

Community Solar Project Managers and Subscription Managers.

Requirements for community solar companies are changed so that these requirements, with amendments, apply to community solar project managers instead of community solar companies, which are removed. A community solar project manager develops, owns or operates a community solar project, and does not include an electric utility. A community solar project manager and a community solar subscription manager must register with the UTC and have a valid electrical business license before doing business in the state. A community solar subscription manager must also maintain "good standing" with the UTC. A community solar subscription manager markets and administers the program, and does not include an electric utility. A community solar subscription manager must register with the UTC before doing business in the state.

The UTC may charge a community solar project manager a fee for a community solar project, and the requirement that this fee be an annual fee is removed. Any application fee must not be set in such a way as to preclude nonprofits, individuals, and small businesses from participating as community solar project managers.

A community solar project manager or community subscription manager must:

- collect information about the financial costs and benefits realized by subscribers;
- administer projects transparently, fairly, and in a way that doesn't discriminate for participation; and
- register with the UTC.

Low-Income Subscribers.

Low-income household incomes do not exceed the higher of 80 percent of area median household income or 200 percent of the federal poverty level, adjusted for household size.

Subscribers may be considered low-income under the program in a number of ways, including if they are enrolled in a low-income program facilitated by the state or federal government, enrolled in an electric utility low-income energy program, or if they reside in low-income housing.

At least 50 percent of each electric utility's community solar generating capacity must be subscribed by low-income subscribers, low-income service provider subscribers, or both low-income subscribers and low-income service provider subscribers. The UTC may amend the required residential, low-income, and low-income subscriber level no earlier than 10 years after the adoption of program rules.

Community solar capacity or generation allocated to low-income subscribers and low-income

service provider subscribers are exempt from community solar program-related administrative fees.

Community solar projects must maintain their low-income subscriber threshold for the project's lifetime. Renewable energy credits associated with the generation of electricity from a community solar project must be retired on behalf of the subscriber.

Working Group, Rulemaking, and Reports.

The UTC shall host at least two workshops with interested parties to adopt or amend rules for the community solar program. The working group shall consist of utility representatives, solar industry representatives, consumer advocates, members of organizations serving overburdened communities and vulnerable populations, tribes, or people or organizations working with or for tribes on clean energy projects, labor unions, and other interested parties.

The UTC shall adopt rules for the community solar program no later than 18 months after the effective date of the bill. These rules shall include a methodology for valuing community solar bill credit rates, a process for the certification of community solar facilities, and consumer protections for subscribers, among other requirements.

The UTC shall review the community solar program at least once five years after the effective date of the bill and once 10 years after the effective date of the bill. After each review, the UTC shall submit a report to the Legislature with information about:

- the number and location of operating community solar facilities;
- the number of subscribers and the amount of energy those subscribers subscribed to;
- the number of low-income subscribers and the total generating capacity that was subscribed to by those low-income subscribers; and
- other metrics, including those identified by the UTC or the working group.

WSU Energy Program Community Solar Expansion Program.

Community solar project managers and community solar subscription managers may be administrators under the program. The limitation on tribal housing authorities administering projects only on tribal lands or trust lands is removed.

The size of projects under the incentive program may be up to 5000kW.

The WSU Energy Program may issue a one-time certification to an electric utility to implement billing system upgrades that enable community solar bill crediting. The incentive payment may not be more than \$1 million per investor-owned utility or \$250,000 per consumer-owned utility.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

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