

Multiple Agency Fiscal Note Summary

Bill Number: 5892 P S SB 5892 S-1776.2	Title: Distributed solar energy
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	(24,609,000)	(24,609,000)	(75,143,000)	(75,143,000)	(121,948,000)	(121,948,000)
Total \$	(24,609,000)	(24,609,000)	(75,143,000)	(75,143,000)	(121,948,000)	(121,948,000)

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Attorney General	.5	77,700	123,472	.5	77,700	123,472	.5	77,700	123,472
Department of Commerce	2.3	600,754	600,754	1.8	453,154	453,154	1.8	455,172	455,172
Department of Revenue	1.6	262,100	262,100	2.2	344,700	344,700	2.5	389,400	389,400
Utilities and Transportation Commission	1.7	0	350,135	.0	0	0	.0	0	0
Washington State University	1.3	200,000	200,000	1.3	200,000	200,000	1.3	200,000	200,000
Total	7.4	\$1,140,554	\$1,536,461	5.8	\$1,075,554	\$1,121,326	6.1	\$1,122,272	\$1,168,044

Estimated Capital Budget Impact

NONE

Prepared by: Kathy Cody, OFM	Phone: (360) 902-9822	Date Published: Final 2/26/2015
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 40305

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 5892 P S SB 5892 S-1776.2	Title: Distributed solar energy	Agency: 100-Office of Attorney General
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
Account					
General Fund-State 001-1	38,850	38,850	77,700	77,700	77,700
Anti-Trust Revolving Account-Non-Appropriated 424-6	23,011	22,761	45,772	45,772	45,772
Total \$	61,861	61,611	123,472	123,472	123,472

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/16/2015
Agency Preparation: Cam Comfort	Phone: (360) 664-9429	Date: 02/19/2015
Agency Approval: Nick Klucarich	Phone: 360-586-3434	Date: 02/19/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 02/20/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

PART I – Clean Energy Jobs

Section 101 amends RCW 82.16.120 so that beginning January 1, 2016, no applicant may receive a certification for an investment cost recovery incentive under this section.

Section 102 adds a new section to RCW 82.16 defining the terms “administrator,” “commission,” “community solar project,” “department,” “economic development kilowatt-hour,” “eligible electricity,” “local government,” “nonprofit organization,” “photovoltaic cell,” “qualified solar energy system,” “renewable energy system,” “solar energy system,” “solar inverter,” “solar module,” “storage system,” “utility,” “utility customer,” and “utility solar energy program.”

Section 103 adds a new section to RCW 82.16 providing that any individual, business, educational institution, utility, or local government may apply to the Department of Revenue (DOR), each fiscal year beginning January 1, 2016, for DOR to authorize the utility serving the situs of the system to remit an annual investment cost recovery incentive for each economic development kilowatt-hour. Before submitting to DOR for the first time, the applicant must submit an application for certification to the Department of Commerce containing certain required information. Commerce must notify the applicant within 30 days whether the renewable energy system qualifies and is certified under this section. The certification is good for ten years. After certification, an initial application for the incentive must be made to the participating utility serving the situs of the system in a form and manner prescribed by Commerce. The utility must within 60 days notify the applicant, Commerce, and DOR whether the incentive payment will be authorized or denied. The utility must file annual affidavits to DOR by August 1 containing certain required information. DOR is required to calculate the amount of the incentive payments. Recipients of payments must keep and preserve suitable records for five years. The climate and rural energy development center at WSU extension energy program, after consulting with Commerce, may establish nonbinding guidelines and standards for technologies that are identified as Washington manufactured.

Section 104 adds a new section to RCW 82.16 providing a credit against taxes due under this chapter to a utility in an amount equal to investment costs recovery incentive payments made in any fiscal year under Section 103. Limits are placed on the sum of credits.

Part II – Solar Energy and Qualified Solar Energy Systems

Section 201 is a new section stating legislative intent.

Section 202 is a new section defining the terms “electric utility,” “net metering system,” “qualified solar energy system,” “solar energy services,” “solar energy service company,” “utility customer,” and “value of solar.”

Section 203 is a new section authorizing an electric utility to offer a solar energy program that provides customers access to solar energy systems on their property. Requirements relating to competitive bidding and reasonable prices for solar energy systems are imposed.

Section 204 is a new section addressing qualified solar energy systems offered by an electric utility.

Section 205 is a new section providing that notwithstanding RCW 80.60.040(3), an electrical utility may require additional insurance or other form of indemnification from the utility customer or solar energy services company for qualified solar energy systems, and may require such systems to comply with additional safety and performance standards as a condition of interconnection to the utility's distribution system.

Section 206 is a new section stating findings and legislative intent. In addition, a utility is allowed to provide a solar energy program, which may include qualified solar energy systems to its customers where it provides distribution service to the situs. For electrical utilities, the Utilities and Transportation Commission (UTC) may adopt rules to implement this section. For consumer-owned utilities, the governing board may adopt policies to own, lease, and operate electrical generating facilities, or otherwise contract for or provide solar energy programs to their customers. Contracts adopted pursuant to this section are not subject to the provisions of Section 302, RCW 82.28.003, and Section 304 through 307.

Part III

Section 301 adds a new section to RCW 82.16 stating findings. In addition, qualified solar energy systems that apply for and collect incentives under this chapter are not eligible as a net metering system in RCW 80.60. However, a utility may choose to allow the solar energy system to qualify as a net metering system under Section 309.

Section 302 adds a new section to RCW 80.28 stating findings, including that nothing in this chapter precludes the Office of the Attorney General from exercising its statutory authority under RCW 19.86.

Section 303 amends RCW 80.28.005 to add definitions for "consumer contract," "electric utility," "solar energy services," "solar energy services company," and "solar energy system."

Section 304 adds a new section to RCW 80.28 to require that solar energy service companies register with the UTC before engaging in business. Requirements pertaining to registration are provided. The UTC is authorized to adopt rules.

Section 305 adds a new section to RCW 80.28 providing except for solar energy services provided under a contract between a solar energy services company and a utility, solar energy service companies are subject to regulation as described in this section concerning, at a minimum, registration, disclosure of terms of service, and consumer protection. The UTC may waive any regulatory requirement under this title for solar energy service companies when it determines that competition will serve the same purposes as public interest regulation. Solar energy service companies may not engage in unfair or deceptive business practices in the provision or promotion of solar energy services. Minimum requirements pertaining to business practices are provided.

Section 306 adds a new section to RCW 80.28 providing that for purpose of RCW 19.86.170, actions or transactions of solar energy service companies are not deemed otherwise permitted, prohibited, or regulated by the UTC.

Section 307 adds a new section to RCW 80.28 providing that violation of this chapter constitutes an unfair or deceptive act in trade or commerce in violation of RCW 19.86.

Section 308 adds a new section to RCW 80.28 addressing the sale of real property subject to a qualified solar

energy system consumer contract, and the termination of a qualified solar energy system consumer contract.

Section 309 adds a new section to RCW 80.28 addressing, beginning January 1, 2016, for all net metering companies and qualified solar energy systems interconnected to a utility's distribution system subsequent to reach the cumulative generating capacity cap of .05 percent in RCW 80.60.020(1), electrical utility monthly or volumetric fees.

Section 310 amends RCW 80.60.005 to add additional legislative findings.

Section 311 amends RCW 80.60.020 to provide the exception "except as provided in section 309 of this Act," to the minimum monthly fee that a utility must charge customer-generators.

Part IV – Miscellaneous Provisions

Section 401 is a new section providing that Part II constitutes a new chapter in Title 19 RCW.

The Attorney General's Office (AGO) estimates a workload impact of:

FY2016 and in each even numbered FY thereafter: 0.2 Assistant Attorney General (AAG), 0.1 Legal Assistant (LA), 0.06 Investigator (INV) and 0.16 Paralegal (PL) at a cost of \$61,861 (this includes direct litigation costs of \$700).

FY2017 and in each odd numbered FY thereafter: 0.2 AAG, 0.1 LA, 0.06 INV and 0.16 PL at a cost of \$61,611 (this includes direct litigation costs of \$450).

This bill is assumed effective 90 days after the end of the 2015 legislative session.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

GF-S: No cash receipt impact. AGO Consumer Protection activities are funded with General Fund-State dollars. There is no client agency to bill for legal services.

ARA (Account 424-6) is non-appropriated. No cash receipt impact. AGO Antitrust activities are funded with Antitrust Revolving Account dollars. There is no client agency to bill for legal services.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Attorney General's Office (AGO) estimates a workload impact of:

FY2016 and in each even numbered FY thereafter: 0.2 AAG, 0.1 LA, 0.06 INV and 0.16 PL at a cost of \$61,861 (this includes direct litigation costs of \$700).

FY2017 and in each odd numbered FY thereafter: 0.2 AAG, 0.1 LA, 0.06 INV and 0.16 PL at a cost of \$61,661 (this includes direct litigation costs of \$450).

Assumptions:

1. Legal services associated with the enactment of this bill are assumed to begin on July 1, 2015.

2. ANT (Account 424-6) is non-appropriated.
3. Utilities and Transportation Commission legal services are assume to have no fiscal impact.

Assumptions for the AGO Consumer Protection Division's (CPR) Legal Services: CPR enforces the Consumer Protection Act with respect to conduct that is made unlawful under RCW 19.86.020, which broadly prohibits unfair or deceptive acts or practices in trade or commerce. CPR focus is on is representations and failures to disclose terms and conditions.

1. CPR activities are paid for with General Fund-State dollars.
2. Under current law, actions and transactions of investor-owned electric companies, water companies, and natural gas companies are exempt from the Consumer Protection Act (CPA), so CPR has no authority to investigate or bring enforcement actions against these companies.
3. Section 307 of this bill changes the law to make violations of RCW 80.28 per se violations of the CPA, thereby giving CPR authority to enforce the CPA against these companies.
4. CPR currently refers complaints against these companies to the state UTC. We will continue to refer complaints to them, but there may be a public expectation for CPR to enforce RCW 80.28.
5. CPR receives approximately 150 consumer complaints about investor-owned utilities that are regulated under RCW 80.28 per FY. Many of these complaints involve billing and service issues.
6. We assume up to five investigations per FY based on current complaint numbers and two enforcement actions per FY.
7. We assume that an enforcement action will not result in trial, but settlement negotiations will be lengthy given that the companies may not understand the CPA because they always have been exempt.
8. We assume legal services for legal analysis and pleadings, gathering evidence, and reviewing and tracking consumer complaints.
9. We assume \$450 per FY in direct litigation costs for filing pleadings.
10. We assume the enforcement of RCW 80.28 will result in workload impact of 0.11 AAG (200 hours), 0.05 LA, 0.06 INV (100 hours), and 0.11 PL (200 hours) in FY2016 and in each FY thereafter at a cost of \$38,850 per FY.

Assumptions for the AGO Antitrust Division's (ANT) Legal Services: The Antitrust Division (ANT) enforces the Consumer Protection Act with respect to conduct that is made unlawful pursuant to RCW 19.96.030, 19.86.040, 19.86.050, and RCW 19.86.060, which prohibit unfair methods of competition such as monopolies, price fixing, and agreements to restrain trade.

1. ANT activities are funded with non-appropriated Antitrust Revolving Account (Account 424-6) dollars.
2. Currently, water, electric, and natural gas companies are exempt from the CPA. This bill, as proposed, gives ANT the authority to enforce the CPA against these companies. We assume fiscal impact as companies that were previously exempt from CPA enforcement will be subject to CPA enforcement actions.
3. In reviewing the types of complaints that we have historically received regarding any of these three types of companies, we assume that that we will pursue one investigation and enforcement action every two years. We assume these investigations and enforcements will begin in FY2016 and will occur in each even numbered FY thereafter.
4. Based on similar matters we have investigated, we assume these actions require 170 hours of AAG time, and 85 hours of PL time. New work includes legal analysis of complaints, gathering evidence, conducting an investigation, and preparing pleadings
5. We assume \$250 in each even numbered FY for the filing fee for one enforcement action, and service associated costs.
5. We assume workload impact for 0.09 AAG, 0.05 PL and 0.05 LA at a cost of \$23,011 in FY2016 and each even numbered FY, and 0.09 AAG, 0.05 PL and 0.05 LA at a cost of \$22,761 in FY2017 and in each odd numbered FY hereafter.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	0.5	0.5	0.5	0.5	0.5
A-Salaries and Wages	36,350	36,350	72,700	72,700	72,700
B-Employee Benefits	11,592	11,592	23,184	23,184	23,184
C-Professional Service Contracts	700	450	1,150	1,150	1,150
E-Goods and Other Services	9,989	11,549	21,538	23,098	23,098
G-Travel	630	630	1,260	1,260	1,260
J-Capital Outlays	2,600	1,040	3,640	2,080	2,080
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$61,861	\$61,611	\$123,472	\$123,472	\$123,472

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Assistant Attorney General	90,972	0.2	0.2	0.2	0.2	0.2
Investigator 4	69,756	0.1	0.1	0.1	0.1	0.1
Legal Assistant II (Seattle)	48,976	0.1	0.1	0.1	0.1	0.1
Paralegal II	58,656	0.2	0.2	0.2	0.2	0.2
Total FTE's	268,360	0.5	0.5	0.5	0.5	0.5

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Antitrust Division (ANT)	23,011	22,761	45,772	45,772	45,772
Consumer Protection Division (CPR)	38,850	38,850	77,700	77,700	77,700
Total \$	61,861	61,611	123,472	123,472	123,472

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

Bill Number: 5892 P S SB 5892 S-1776.2	Title: Distributed solar energy	Agency: 103-Department of Commerce
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	2.3	2.3	2.3	1.8	1.8
Account					
General Fund-State 001-1	303,677	297,077	600,754	453,154	455,172
Total \$	303,677	297,077	600,754	453,154	455,172

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/16/2015
Agency Preparation: Carolee Sharp	Phone: (360) 725-3118	Date: 02/24/2015
Agency Approval: Tony Usibelli	Phone: 360-725-3110	Date: 02/24/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/25/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 103 requires the Department of Commerce to prescribe a form for the application for certification of a renewable energy system to receive an annual investment cost recovery incentive, accept initial applications for the incentive, and determine if the electricity produced by the applicant is eligible for the incentive. Within thirty days of the receipt of the application and the final electrical permit from the local jurisdiction, Commerce must notify the applicant whether the renewable energy system qualifies and is certified. Commerce may consult with the climate and rural energy development center about the criteria for certifying a renewable energy system as qualified for the incentive payment and about non-binding guidelines and standards for renewable energy technologies. Commerce is required, after consultation with the Department of Revenue and participating utilities, to prescribe an initial application form to request the incentive from the utility. Within sixty days of receipt of the certification from an applicant, the utility must notify Commerce whether the incentive will be authorized or denied. Commerce may be required to consult with Revenue about the calculation of the amount of the incentive payment due to each utility customer.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

NONE

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 103 (Setup and Program Administration)

ASSUMPTIONS: Based on similar incentive programs for solar energy systems, Commerce assumes there will be 1,500 applications for a certification to receive the incentive payment under this bill.

FTE Salaries and Benefits:

Commerce estimates 0.5 FTE Energy Specialist 1 in FY16-17 to consult with the climate and rural energy development center about the criteria for certifying a renewable energy system as qualified for the incentive payment and non-binding guidelines and standards for renewable energy technologies to develop, hold public hearings, and adopt rules for a form for the application for certification of a renewable energy system to receive an annual investment cost recovery incentive, for the process of reviewing and approving applications, and for notifying applicants. The Energy Specialist will also, after consultation with the Department of Revenue, develop and adopt rules for an initial application form to request the cost recovery incentive from participating utilities. The Energy Specialist will also consult with Revenue about the calculation of the amount of the incentive payment due to each utility customer. Commerce also estimates 0.5 FTE Information Technology Specialist 3 in FY16-17 to develop, test, and install a database application to record and maintain information about the applications for certification of renewable energy systems to receive the investment cost recovery incentive, to help insure that statutory deadlines for processing applications are met, and to record information on the notifications to applicants of the determinations on those applications.

Commerce also estimates 0.5 FTE Energy Specialist 1 in FY18-21 to administer the application and review process and 0.1 FTE Information Technology Specialist 3 in FY18-21 to provide information technology and database support and services.

FY16-17: \$97,105 each fiscal year

FY18-21: \$62,224 each fiscal year

Goods and Other Services (G&S):

FY16-17: \$68,119 each fiscal year

--standard G&S \$36,043

--space and utilities \$5,786

--non-standard goods and services \$26,290 (\$20,290 for Attorney General assistance, \$6,000 for printing, mailing supplies, and postage)

FY18-21: \$32,500 each fiscal year

--standard G&S \$23,028

--space and utilities \$3,472

--non-standard goods and services \$6,000 for printing, mailing supplies, and postage

Note: Standard goods and services costs include supplies and materials, employee development and training, mandatory state seat of government and Department of Personnel charges, and Commerce agency administration. Commerce administration provides general standard governmental services including, but not limited to: budgeting, accounting, payroll, and purchasing services; personnel and employee services; internal information technology systems, desktop and network support services; facilities management services; public affairs services; policy and risk management services; and other support services.

Capital Outlays:

Commerce assumes one standard workstation (cubicle desk, chair, desktop computer, monitor, and file cabinet) in FY16 and the replacement of one desktop computer and monitor in FY20.

FY16: \$3,300

FY20: \$1,009

Section 103 (Certification Process)

FTE Salaries and Benefits:

Commerce estimates 0.5 FTE Energy Specialist 1 and 0.5 FTE Commerce Specialist 2 in FY16-21 to accept and review initial applications for the cost recovery incentive, determine if the equipment used by the applicant and the electricity produced is eligible for the incentive, notify the applicant whether the renewable energy system qualifies and is certified, and maintain a database of information on applications and certifications that have been processed and notices from utilities about whether the incentive has been authorized or denied.

FY16-21: \$91,876 each fiscal year

Goods and Other Services (G&S):

FY16-21: \$39,977 each fiscal year

--standard G&S \$34,191

--space and utilities \$5,786

Capital Outlays:

Commerce assumes one standard workstation (cubicle desk, chair, desktop computer, monitor, and file cabinet) in FY16 and the replacement of one desktop computer and monitor in FY20.

FY16: \$3,300

FY20: \$1,009

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Summary of the Fiscal Impact of the Bill:

FY16: \$303,677

FY17: \$297,077

FY18-19: \$226,577 each fiscal year

FY20: \$228,585

FY21: \$226,577

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	2.3	2.3	2.3	1.8	1.8
A-Salaries and Wages	141,888	141,888	283,776	231,984	231,984
B-Employee Benefits	47,093	47,093	94,186	76,216	76,216
C-Professional Service Contracts					
E-Goods and Other Services	108,096	108,096	216,192	144,954	144,954
G-Travel					
J-Capital Outlays	6,600		6,600		2,018
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$303,677	\$297,077	\$600,754	\$453,154	\$455,172

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Commerce Specialist 2	55,836	0.5	0.5	0.5	0.5	0.5
EMS Band 1	81,600	1.0	1.0	1.0	1.0	1.0
Information Technology Specialist 3	64,740	0.5	0.5	0.5	0.1	0.1
Various Administrative Services	72,800	0.3	0.3	0.3	0.2	0.2
Total FTE's	274,976	2.3	2.3	2.3	1.8	1.8

III. C - Expenditures By Program (optional)

Program	FY 2016	FY 2017	2015-17	2017-19	2019-21
Agency Administration (Indirect) (100)	66,144	66,144	132,288	107,870	107,870
Energy and Innovation (5A0)	237,533	230,933	468,466	345,284	347,302
Total \$	303,677	297,077	600,754	453,154	455,172

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

NONE

Department of Revenue Fiscal Note

Bill Number: 5892 P S SB 5892 S-1776.2	Title: Distributed solar energy	Agency: 140-Department of Revenue
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Account	FY 2016	FY 2017	2015-17	2017-19	2019-21
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax	(5,663,000)	(18,946,000)	(24,609,000)	(75,143,000)	(121,948,000)
Total \$	(5,663,000)	(18,946,000)	(24,609,000)	(75,143,000)	(121,948,000)

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.5	1.7	1.6	2.2	2.5
Account					
GF-STATE-State 001-1	127,200	134,900	262,100	344,700	389,400
Total \$	127,200	134,900	262,100	344,700	389,400

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/16/2015
Agency Preparation: Ray Philen	Phone: 360-534-1516	Date: 02/26/2015
Agency Approval: Don Gutmann	Phone: 360-534-1510	Date: 02/26/2015
OFM Review: Kathy Cody	Phone: (360) 902-9822	Date: 02/26/2015

Request # 5892-2-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Note: This fiscal note reflects language in draft legislation PSSB 5892 (S-1776.2), 2015 Legislative Session.

Section 101 closes the investment cost recovery incentive in RCW 82.16.120 to new applicants. No applicant may receive certification beginning January 1, 2016.

Sections 102 - 104. establish a new solar cost recovery program beginning January 1, 2016. A credit is allowed against taxes due under RCW 82.16 in an amount equal to investment cost recovery incentive payments made in any fiscal year under section 103. The sum of credits allowed under this new credit and credits provided in RCW 82.16.120 for the fiscal year may not exceed one percent of the businesses' taxable power sales due under RCW 82.16.020(1)(b) or \$250,000, whichever is greater. Incentive payments to participants in a utility-owned community solar project, beginning operation after January 1, 2016, may only account for up to thirty percent of the total credit allowed to that utility. The credit may not exceed the tax that would otherwise be due under this chapter. Incentive payments claimed by a utility for utility solar projects may only account for up to 45 percent of the total allowable credit. Incentive payments for systems greater than ten kilowatts may not claim more than 50 percent of the total allowable credit.

The right to earn tax credits and incentive payments expires for solar energy systems beginning operation after December 31, 2020. Credits and incentives may not be claimed for economic development kilowatt-hours generated after December 31, 2030.

Qualified solar energy systems that choose to qualify as net metering systems under RCW 80.60.010 are not eligible for renewable incentives under this chapter.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS

- Using Washington Department of Commerce forecasts for solar system installations with current production incentives and incentives proposed by this legislation.
- In past years, utilization of the PUT credit in RCW 82.16.130 has been below what was expected. In recent years utilization of the credit has been increasing. This trend is assumed to continue.
- The average cost recovery incentive rate is assumed to be \$0.55 for the current program.
- The average size of a solar installation is assumed to be 6 kW.
- The average production rate is assumed to 1,100 kWh per kW of installed capacity.
- The estimate does not reflect the effect, if any, of per-utility caps on tax credits.

DATA SOURCES

- Department of Revenue's renewable energy certifications.
- Department of Revenue's combined excise tax returns.
- Washington Department of Commerce forecast for solar system installations.

REVENUE ESTIMATES

Public Utility Tax Credit (PUT)

Beginning January 1, 2016, a utility is allowed a credit equal to incentive payments made in any fiscal year under sections

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3 through 6. Participants in the current program will continue to receive production payments and utilities will be able to claim a credit on their tax return for those payments.

Under current law PUT credits are expected to be:

FY 2016	\$8,475,000
FY 2017	\$22,114,000
FY 2018	\$24,996,000
FY 2019	\$26,769,000
FY 2020	\$27,434,000
FY 2021	\$27,434,000

Under the proposal, for the current program, PUT credits are expected to be:

FY 2016	\$5,117,000
FY 2017	\$12,281,000
FY 2018	\$12,281,000
FY 2019	\$12,281,000
FY 2020	\$12,281,000
FY 2021	\$12,281,000

The net amount of credits for the current program, under the proposal is:

FY 2016	\$3,358,000
FY 2017	\$9,833,000
FY 2018	\$12,715,000
FY 2019	\$14,488,000
FY 2020	\$15,153,000
FY 2021	\$15,153,000

PUT Credits for participants in the new program are expected to be:

FY 2016	\$9,021,000
FY 2017	\$28,779,000
FY 2018	\$43,273,000
FY 2019	\$59,073,000
FY 2020	\$73,254,000
FY 2021	\$79,000,000

The net amount of credits for both the existing program and new program are:

FY 2016	(\$5,663,000)
FY 2017	(\$18,946,000)
FY 2018	(\$30,558,000)
FY 2019	(\$44,585,000)
FY 2020	(\$58,101,000)

FY 2021 (\$63,847,000)

The net result of expiring current payments and beginning a new program results in a loss in revenue of \$5.6 million Fiscal Year 2016 and loss of \$18.9 million in Fiscal Year 2017.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000):

FY 2016 -	\$ (5,633)
FY 2017 -	\$ (18,946)
FY 2018 -	\$ (30,558)
FY 2019 -	\$ (44,585)
FY 2020 -	\$ (58,101)
FY 2021 -	\$ (63,847)

Local Government, if applicable (cash basis, \$000): None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS:

- This bill affects 5,000 participants, increasing by 2,000 participants each year.
- The Department of Revenue (Department) will calculate the incentive payments due to each participant, and provide this information to the participant's electric utility.
- The Department will award a public utility tax credit to each utility participating in the program in the amount equal to the incentive payments awarded in the fiscal year.
- Department of Commerce will certify systems.
- The Department does not have the ability to assess penalties or interest against persons receiving incentive payments.
- The Department may disclose the amount claimed by a taxpayer under this new tax preference after 24 months (RCW 82.32.808).

INITIAL COSTS:

The Department will incur costs of \$14,700 in Fiscal Year 2015 that are NOT included in the six-year expenditure impact for this fiscal estimate. These start-up costs include:

Labor Costs - Time and effort equates to 0.14 FTEs.

- Amending an administrative rule.

Object Costs - \$3,600

- Printing and postage of a special notice.

FIRST YEAR COSTS:

The Department will incur total costs of \$127,200 in Fiscal Year 2016. These costs include:

Labor Costs - Time and effort equates to 1.5 FTEs.

- Develop and test new line codes,
- Filing of credit applications,
- Reconcile incentive payment applications with public utility credits taken,
- Respond to taxpayer inquiries, and

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- Update Special Notices and incentives on the Department's webpage.

SECOND YEAR COSTS:

The Department will incur total costs of \$134,900 in Fiscal Year 2017. These costs include:

Labor Costs - Time and effort equates to 1.7 FTEs.

- Develop and test new line codes,
- Filing of credit applications,
- Reconcile incentive payment applications with public utility credits taken,
- Respond to taxpayer inquiries, and
- Update Special Notices and incentives on the Department's webpage.

ONGOING COSTS:

Ongoing costs for the 2017-2019 Biennium equal \$344,700 and include similar activities described in the second year costs. Time and effort equates to 2.2 FTEs.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.5	1.7	1.6	2.2	2.5
A-Salaries and Wages	75,800	85,900	161,700	218,200	248,600
B-Employee Benefits	22,700	25,800	48,500	65,500	74,600
E-Goods and Other Services	18,900	19,500	38,400	51,000	57,200
J-Capital Outlays	9,800	3,700	13,500	10,000	9,000
Total \$	\$127,200	\$134,900	\$262,100	\$344,700	\$389,400

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
EXCISE TAX EX 3	50,563	0.9	1.1	1.0	1.5	1.8
OFF ASST 3	29,780	0.1	0.1	0.1	0.2	0.2
TAX INFO SPEC 4	54,505	0.5	0.5	0.5	0.5	0.5
Total FTE's	134,848	1.5	1.7	1.6	2.2	2.5

Part IV: Capital Budget Impact

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

NONE

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Should this legislation become law, the Department will use the standard rule-making process to amend one rule: WAC 458-20-273, titled: "Renewable energy system cost recovery". Persons affected by this rule-making would include: single-owned solar energy system owners, including individual home owners, businesses, and local governmental entities not in the light and power business; utilities; and community solar projects.

Individual State Agency Fiscal Note

Bill Number: 5892 P S SB 5892 S-1776.2	Title: Distributed solar energy	Agency: 215-Utilities and Transportation Comm
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.3	2.0	1.7	0.0	0.0
Account					
Public Service Revolving Account-State 111-1	160,120	190,015	350,135	0	0
Total \$	160,120	190,015	350,135	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☒ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/16/2015
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 02/19/2015
Agency Approval: Sondra Walsh	Phone: 360-664-1286	Date: 02/19/2015
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 02/19/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 204 allows investor-owned utilities to submit a solar energy program design to the commission for approval. Section 204(4) requires the UTC to consider the program application within a reasonable time. Section 204(5) requires the UTC to publish a list of lease options, purchasing options, or other solar energy program options being offered by each utility.

Section 206(2)(a) allows the UTC to adopt rules to implement solar energy programs for electrical companies.

Section 304(6) allows the UTC to adopt rules for solar energy service companies not operating under contract with a consumer-owned utility, to register them and provide consumer protection oversight in a manner similar to competitive telecommunications companies.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

Section 304(5) allows the UTC to charge an application fee to register solar energy service companies. Section 304(6) allows the UTC to collect regulatory fees from solar energy service companies.

However, other sections of the bill would prevent solar energy service companies from operating in Washington, unless they do so under contract with a utility. Section 206 allows solar energy service companies to offer services to utility customers only if a utility does not offer such services itself within two years of the bill's effective date. Section 206(5) and 303(8)(c) also exempt companies operating under contract with a consumer-owned utility from the requirement to register with the UTC in section 304, and the minimal regulatory requirements in section 305. Therefore, the UTC assumes that it will receive no applications for registration, and no regulatory fees from solar energy service companies.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The bill authorizes the UTC to adopt rules to establish standards for utility solar energy programs in section 206(2)(a), and the requirements for solar energy service companies subject to UTC jurisdiction in section 304(6). The UTC would adopt these rules concurrently, in one complex rulemaking proceeding.

A complex rulemaking will involve approximately 2 day-long workshops, development of draft and proposed rules and the review of comments and responses to comments submitted by regulated companies and other stakeholders.

Section 204 requires the UTC to review investor-owned utility solar energy program proposals within a reasonable time, and publish a list of program options being offered by each utility. The UTC assumes that it would receive three program proposals in the form of tariff filings—one from each of the investor-owned

utilities. These would be approved at an Open Meeting.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.3	2.0	1.7		
A-Salaries and Wages	104,427	139,717	244,144		
B-Employee Benefits	25,063	33,532	58,595		
C-Professional Service Contracts					
E-Goods and Other Services	30,630	16,766	47,396		
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$160,120	\$190,015	\$350,135	\$0	\$0

III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Administrative Law Judge	98,328	0.1		0.0		
Assistant Director, Conservation &	83,500	0.1	0.1	0.1		
Energy Planning Commissioner	123,352	0.0		0.0		
Energy/Utilities Engineer 3	82,894		0.7	0.3		
Paralegal 1	53,148	0.0		0.0		
Regulatory Analyst 2	61,632	0.4	1.2	0.8		
Regulatory Services, Director	100,636		0.1	0.0		
Senior Policy Strategist	91,856	0.4		0.2		
Senior Regulatory Engineering Specialist	75,030	0.4		0.2		
Total FTE's	770,376	1.3	2.0	1.7		0.0

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

The commission would conduct a complex rulemaking to establish standards for utility solar energy programs, and the requirements for solar energy service companies subject to UTC jurisdiction, as allowed in section 206(2)(a) and 304(6). A complex rulemaking will involve approximately two day-long workshops, development of draft and proposed rules and the review of comments and responses to comments submitted by regulated companies and other stakeholders.

Individual State Agency Fiscal Note

Bill Number: 5892 P S SB 5892 S-1776.2	Title: Distributed solar energy	Agency: 365-Washington State University
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
Account					
General Fund-State 001-1	100,000	100,000	200,000	200,000	200,000
Total \$	100,000	100,000	200,000	200,000	200,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 02/16/2015
Agency Preparation: Chris Jones	Phone: 509-335-9682	Date: 02/20/2015
Agency Approval: Kelley Westhoff	Phone: 5093350907	Date: 02/20/2015
OFM Review: Cherie Berthon	Phone: 360-902-0659	Date: 02/20/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

PSSB 5892 ends the existing renewable energy production incentive program in chapter 82.16 RCW on January 1, 2016, and creates a new section establishing a new program.

Sec. 103.(2)(b) states that the Department of Commerce may consult with the Climate and Rural Energy Development Center to determine applicant eligibility for the annual investment cost recovery incentive.

Sec. 103.(7) allows the WSU Energy Program, after consultation with the Department of Commerce, to establish nonbinding guidelines and standards for technologies that are identified as Washington manufactured and therefore most beneficial to the state's environment.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The WSU Energy Program is the technical lead for the existing renewable energy investment cost recovery incentive program. PSSB 5892 assigns most of the technical role to the Department of Commerce for the new incentive program. This fiscal note is written under the assumption that the WSU Energy Program will have certain consulting responsibilities, as described in Secs. 103.(2)(b) and 103.(7), and as needed by the Department of Commerce.

Estimated costs are for staff resources needed to conduct the following activities:

- Consult with the Department of Commerce on applications for the incentive
- In consultation with the Department of Commerce, establish nonbinding guidelines and standards for technologies that are identified as Washington manufactured.

The current version of the bill contains no additional funding for the WSU Energy Program to consult on the incentive program. WSU would not be able to complete activities associated with the incentive program without new funding.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years	1.3	1.3	1.3	1.3	1.3
A-Salaries and Wages	65,000	65,000	130,000	130,000	130,000
B-Employee Benefits	35,000	35,000	70,000	70,000	70,000
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$100,000	\$100,000	\$200,000	\$200,000	\$200,000

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2016	FY 2017	2015-17	2017-19	2019-21
Energy Professional	40,000	0.5	0.5	0.5	0.5	0.5
Energy Program Coordinator	60,000	0.8	0.8	0.8	0.8	0.8
Total FTE's	100,000	1.3	1.3	1.3	1.3	1.3

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.