

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 6223 SB	<b>Title:</b> Expanding equitable access to the benefits of renewable energy through community solar projects.
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## Estimated Cash Receipts

Agency Name	2019-21		2021-23		2023-25	
	GF- State	Total	GF- State	Total	GF- State	Total
Department of Revenue	0	0	(341,000)	(341,000)	(1,025,000)	(1,025,000)
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>(341,000)</b>	<b>(341,000)</b>	<b>(1,025,000)</b>	<b>(1,025,000)</b>

## Estimated Operating Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.2	159,300	159,300	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Washington State University	Fiscal note not available								
<b>Total \$</b>	<b>0.2</b>	<b>159,300</b>	<b>159,300</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Expenditures

Agency Name	2019-21			2021-23			2023-25		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	.0	0	0	.0	0	0	.0	0	0
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Utilities and Transportation Commission	.0	0	0	.0	0	0	.0	0	0
Washington State University	Fiscal note not available								
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Ramona Nabors, OFM	<b>Phone:</b> (360) 902-0547	<b>Date Published:</b> Preliminary 1/22/2020
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6223 SB	<b>Title:</b> Expanding equitable access to the benefits of renewable energy through community solar projects. ?	<b>Agency:</b> 103-Department of Commerce
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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: Kim Cushing	Phone: (360) 786-7421	Date: 01/14/2020
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 01/16/2020
Agency Approval: Joyce Miller	Phone: 360-725-2710	Date: 01/16/2020
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/17/2020

## 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.*

The department does not execute or implement the activities stated in SB 6223.

### 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.*

There is no fiscal impact to the department. The department does not execute or implement the activities stated in SB 6223.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

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

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

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

NONE

## Part V: New Rule Making Required

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 6223 SB	<b>Title:</b> Expanding equitable access to the benefits of renewable energy through community solar projects. ?	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax				(341,000)	(1,025,000)
<b>Total \$</b>				(341,000)	(1,025,000)

### Estimated Expenditures from:

Account	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.3	0.2		
GF-STATE-State 001-1		159,300	159,300		
<b>Total \$</b>		159,300	159,300		

### 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: Kim Cushing	Phone: (360) 786-7421	Date: 01/14/2020
Agency Preparation: Marianne McIntosh	Phone: 360-534-1505	Date: 01/14/2020
Agency Approval: Kim Davis	Phone: 360-534-1508	Date: 01/14/2020
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/22/2020

Request # 6223-1-1

## 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.*

#### CURRENT LAW:

RCW 82.16.165 allows Washington State University Energy Extension Program (WSU) to certify renewable energy systems. The time period to issue certifications began on July 1, 2017, and ends when the overall program incentive payment cap of \$110 million is met, or by June 30, 2021, whichever is earlier. On June 14, 2019, WSU ceased certifying new systems because the program had met the incentive payment cap.

Eligible participants receive incentive payments for the program term based on the number of kilowatt-hours (kWh) of electricity generated by the renewable energy system. The program term is the earlier of 8 years or until cumulative incentive payments equal 50 percent of the total system price including sales tax.

For systems certified in Fiscal Year 2018, base rates for incentive payments are \$0.16 per kWh for residential-scale systems, \$0.06 per kWh for commercial-scale and shared-commercial systems, and \$0.16 per kWh for community solar systems. A bonus rate of \$0.05 per kWh is provided for made-in-Washington solar modules, wind turbines or towers. The base and bonus rates decline each fiscal year.

RCW 82.16.130 allows a participating utility to take a Renewable Energy System Cost Recovery Credit against the public utility tax (PUT) for incentive payments made under the program and any fees paid by a utility to WSU to collect electricity production data from the utility or its customers. A participating utility's credit limit for a fiscal year is the greater of 1.5 percent of a utility's Calendar Year 2014 taxable power sales or \$250,000. Credits under the incentive program must be earned by June 30, 2029; credits may not be claimed after June 30, 2030.

Information about incentive payments, system certifications, and total tax credit claimed is subject to disclosure and not confidential taxpayer information.

#### PROPOSAL:

This bill expands the Renewable Energy System Cost Recovery Credit by allowing participating utilities to receive an additional credit each fiscal year of the greater of 0.25 percent of their 2014 taxable power or \$50,000, for incentive payments made to qualifying community solar projects. To qualify for this additional credit, incentive payments must be made during the applicable program term to community solar projects that meet the following requirements:

- The administrator of the project must apply for precertification on or after July 1, 2020;
- The community solar project must have a direct current nameplate capacity less than 1,000 kilowatts;
- At least forty percent of the project must be subscribed to by any combination of low- to moderate-income household subscribers and low income service provider organizations. The low income service provider organization may not be an administrator of the same project;
- No single subscriber may subscribe to more than forty percent of the project;
- At least forty percent of the project must have subscribers with less than a twenty kilowatt subscription; and
- Projects must be completed and certified with WSU within two years of the precertification date or by June 30, 2026 whichever is earlier.

The program term during which incentive payments to eligible community solar projects may be made by participating utilities is the shorter of the following timeframes:

- Eight years; or
- Until cumulative incentive payments reach:
  - 100 percent of the project costs, including sales tax, prorated in proportion to subscriptions of low-to-moderate income households and low income service provider organizations; and

- No more than 50 percent of the prorated project costs, including sales tax, for all other subscribers.

The total incentives paid to all participating community solar projects may not exceed \$20 million.

The right for participating utilities to earn credits expires June 30, 2034, and no credit may be claimed after June 30, 2035. A participating utility may require community solar project participants to purchase equipment necessary for net metering or pay a share of the cost of any required billing system enhancement.

WSU administers the certification program and may collect an application fee of \$500 per applicant for this program. The base incentive payment rate for eligible community solar projects is \$0.10 per kWh with an additional \$0.10 per kWh for low income participants.

The bill also expands the definition of "Administrator" of a community solar project to include tribal housing authorities.

The bill updates the incentive rate table for the current program by removing the incentive rates after June 30, 2020, and provides an end date of June 30, 2020, for the current program. This is because the statewide cap under the current program has been met.

**EFFECTIVE DATE:**

This bill contains an emergency clause and takes effect immediately upon the Governor's approval.

**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**

- The Public Utility Tax (PUT) credit for incentive payments issued on a new installation is taken during the fiscal year following the fiscal year in which the system is installed and certified.
- To adjust for systems installed throughout a fiscal year, 50 percent of the projected installed systems were used to calculate the payments made immediately after the fiscal year in which the system was installed.
- Per GreenBiz.com article, a vast majority of Community Solar Program (CSP) participants are "businesses, universities, government agencies and higher-earning households. Less than half of U.S. CSPs have any participation from low-income households. Of projects that do, only 5 percent involve a sizable share or more than 10 percent."
- The 40 percent subscriber requirement will be met mainly by low income service providers due to the low participation rate from low-income households.
- Based on historical data, 2 large CSP systems greater than 100 kilowatts (kW) and 6 smaller CSP systems less than 100 kW will be certified in each Fiscal Year beginning in 2021 through 2026.

**DATA SOURCES**

- Washington State University Energy Extension Program, renewable energy repayment program data
- GreenBiz.com "Energy equity: bringing solar power to low-income communities" May 23, 2019

**REVENUE ESTIMATES**

This bill decreases state revenues by an estimated \$85,000 in the first year of impacted collections in Fiscal Year 2022 and by \$256,000 in Fiscal Year 2023.

**TOTAL REVENUE IMPACT:**

State Government (cash basis, \$000):

FY 2020 -	\$ 0
FY 2021 -	\$ 0

FY 2022 - (\$ 85)  
 FY 2023 - (\$ 256)  
 FY 2024 - (\$ 427)  
 FY 2025 - (\$ 598)

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 proposal affects 50 taxpayers.
- Washington State University will administer the application/certification process, determine eligibility and provide financial information in determining when the cap has been reached.
- No annual tax performance report is required.

**FIRST YEAR COSTS:**

The Department will not incur any costs in Fiscal Year 2020.

**SECOND YEAR COSTS:**

The Department will incur total costs of \$159,300 in Fiscal Year 2021. These costs include:

Labor Costs - Time and effort equates to 0.3 FTE.

- Answer additional phone calls and counter inquiries on tax questions and tax return preparation from businesses, individuals, and accountants.
- Create a Special Notice and identify publications and information that needs to be created or updated on the Department's website.
- Respond to letter ruling requests, email inquiries, and more difficult call backs from the telephone information center.

Object Costs - \$132,000.

- Contract computer system programming to expire the current credit and create a new credit for the Public Utility Tax reporting addendum and a new credit worksheet. Reports and other systems will be updated as needed.

**ONGOING COSTS:**

There are no ongoing costs.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

	FY 2020	FY 2021	2019-21	2021-23	2023-25
FTE Staff Years		0.3	0.2		
A-Salaries and Wages		16,700	16,700		
B-Employee Benefits		5,000	5,000		
C-Professional Service Contracts		132,000	132,000		
E-Goods and Other Services		3,600	3,600		
J-Capital Outlays		2,000	2,000		
<b>Total \$</b>		\$159,300	\$159,300		



**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 2020	FY 2021	2019-21	2021-23	2023-25
TAX INFO SPEC 1	42,132		0.1	0.1		
TAX INFO SPEC 4	62,460		0.2	0.1		
<b>Total FTEs</b>			0.3	0.2		

**III. C - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

NONE

None.

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 6223 SB	<b>Title:</b> Expanding equitable access to the benefits of renewable energy through community solar projects. ?	<b>Agency:</b> 215-Utilities and Transportation Commission
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**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.*

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Kim Cushing	Phone: (360) 786-7421	Date: 01/14/2020
Agency Preparation: Melissa Hamilton	Phone: 360 664-1158	Date: 01/16/2020
Agency Approval: Jon Noski	Phone: 360-664-1209	Date: 01/16/2020
OFM Review: Jenna Forty	Phone: (360) 902-0419	Date: 01/17/2020

## 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 5(13) Allows utility administrators to separately account for and offset administrative costs proportional to low-to-moderate-income households' and service providers' subscriptions in a community solar project. UTC assumes any impact from review of accounting petitions associated with energy assistance-related accounting will occur within the usual course of business.

Section 8(5) Allows a utility to pay the costs of a production meter, software, of billing system enhancements, and separately account for any expenditures that provide energy assistance to low-income households or low-income service providers. A utility may offset or discount the subscription costs of a low-income household if they retain the proportional environmental attributes of the project. UTC assumes any impact from review of accounting petitions associated with energy assistance-related accounting will occur within the usual course of business. UTC assumes any incremental staff review of energy assistance tariff filings from utilities will occur within the normal course of business.

Sections 6-8 Extends net metering to community solar subscribers. Credits generated through community solar may be combined with other net-metering credits as long as the combined credits do not exceed the subscriber's annual electricity usage. The UTC assumes this will require three tariff filings within the usual course of UTC business.

### 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.*

No Cash Receipt Impact

### 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.*

No Expenditure Impact

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

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

NONE

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

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

NONE

No Capital Budget Impact

**Part V: New Rule Making Required**