

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1509 HB	<b>Title:</b> Fair access to community solar
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## Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Department of Revenue	(4,800,000)	(4,800,000)	(4,800,000)	(9,600,000)	(9,600,000)	(9,600,000)	(9,600,000)	(9,600,000)	(9,600,000)
Utilities and Transportation Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.								
<b>Total \$</b>	<b>(4,800,000)</b>	<b>(4,800,000)</b>	<b>(4,800,000)</b>	<b>(9,600,000)</b>	<b>(9,600,000)</b>	<b>(9,600,000)</b>	<b>(9,600,000)</b>	<b>(9,600,000)</b>	<b>(9,600,000)</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Department of Revenue	.1	10,400	10,400	10,400	.0	0	0	0	.0	0	0	0
Utilities and Transportation Commission	.3	0	0	87,114	.2	0	0	48,822	.2	0	0	48,822
Washington State University	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.4</b>	<b>10,400</b>	<b>10,400</b>	<b>97,514</b>	<b>0.2</b>	<b>0</b>	<b>0</b>	<b>48,822</b>	<b>0.2</b>	<b>0</b>	<b>0</b>	<b>48,822</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	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	.0	0	0	.0	0	0	.0	0	0
<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>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Breakout

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<b>Prepared by:</b> Tiffany West, OFM	<b>Phone:</b> (360) 890-2653	<b>Date Published:</b> Final 2/13/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1509 HB	<b>Title:</b> Fair access to community solar	<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: Megan McPhaden	Phone: 360-786-7114	Date: 01/20/2023
Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 01/28/2023
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 01/28/2023
OFM Review: Gwen Stamey	Phone: (360) 790-1166	Date: 01/30/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

The bill creates virtual net energy metering for community solar projects in Washington and impacts the Utilities and Transportation Commission (UTC).

The Department of Commerce (department) does not execute or implement the activities stated in HB 1509. Therefore, this legislation does not affect the department and there is no fiscal impact.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished 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 HB 1509.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals 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

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

## **Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Department of Revenue Fiscal Note

<b>Bill Number:</b> 1509 HB	<b>Title:</b> Fair access to community solar	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
GF-STATE-State 01 - Taxes 35 - Public Utilities Tax		(4,800,000)	(4,800,000)	(9,600,000)	(9,600,000)
<b>Total \$</b>		(4,800,000)	(4,800,000)	(9,600,000)	(9,600,000)

### Estimated Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		
GF-STATE-State 001-1	10,400		10,400		
<b>Total \$</b>	10,400		10,400		

### 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.
- 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: Megan McPhaden	Phone: 60-786-7114	Date: 01/20/2023
Agency Preparation: Alex Merk-Dyes	Phone: 60-534-1601	Date: 01/27/2023
Agency Approval: Marianne McIntosh	Phone: 60-534-1505	Date: 01/27/2023
OFM Review: Cheri Keller	Phone: (360) 584-2207	Date: 01/27/2023

Request # 1509-1-2

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

#### CURRENT LAW:

The law provides a public utility tax credit for light and power businesses making energy burden reduction incentive payments to qualifying community solar projects. The credit is equal to 1.5% of the business's Washington taxable power sales in calendar year 2014 or \$250,000, whichever is greater, per fiscal year. The credit may not exceed the amount of tax due or be carried forward. The right to earn tax credits expires June 30, 2036, and taxpayers cannot claim credits after June 30, 2037. The credits expire July 1, 2038.

An administrator of an eligible community solar project may apply to Washington State University (WSU) to receive a precertification for the project until June 30, 2033. Prior to obtaining certification, the administrator of an eligible community solar project must apply for precertification against the funds available for incentive payments under the Community Solar Expansion Program in order to be guaranteed a community solar incentive payment. The application for precertification must include, at a minimum:

- Demonstrate how the project will deliver continuing direct benefits to low-income subscribers.
- Any other information WSU deems necessary in determining eligibility for precertification.

No certification can be issued after June 30, 2035.

"Administrator" means utility, nonprofit, tribal housing authority or local housing authority that organizes and administers a community solar project. A "tribal housing authority" may only administer a community solar project on tribal lands or lands held in trust for a federally recognized tribe by the United States for subscribers who are tribal members.

Precertification projects must be completed and fully certified by WSU within two years. By certifying qualified projects, WSU authorizes the utility serving the site of a community solar project in the state to remit a one-time energy burden reduction incentive payment to the community solar project administrator, who accepts the payment on behalf of, and for the purpose of providing direct benefits to, the project's qualifying subscribers.

"Qualifying subscriber" means a low-income subscriber, low-income service provider subscriber, tribal agency subscriber, or public agency subscriber. For tribal agency subscribers and public agency subscribers, only the portion of their subscription to a community solar project that is demonstrated to benefit low-income beneficiaries, including low-income service providers and services provided to low-income citizens or households, is to be considered a qualifying subscriber.

A one-time low-income community solar incentive payment equals the sum of:

- An amount, not to exceed \$20,000, equal to the community solar project's administrative costs related to the administrative start-up of the project for qualifying subscribers; and
- An amount that does not exceed 100% of the proportional cost of the share of the community solar project that provides direct benefits to qualifying subscribers.

WSU may issue certifications authorizing low-income community solar incentive payments in a total statewide amount not to exceed \$100 million and subject to the following dollar limits:

- For Fiscal Year 2023, \$300,000; and
- For each biennium beginning on or after July 1, 2023, \$25 million.

WSU must ensure at least \$2 million of the statewide total for the entire program is used to support nonprofit organizations and at least \$2 million is available to tribal governments and their designated subdivisions and agencies. Beginning fiscal year

2026, WSU may waive the \$2 million allocation for each if it fails to receive enough applications from nonprofit organizations or tribal governments for the full allocation of the incentives.

### Community Solar Project Eligibility Requirements

In order to receive certification for a low-income community solar incentive payment beginning July 1, 2022, a community solar project must meet certain requirements, including:

- The administrator of the community solar project must be a utility, nonprofit, tribal housing authority or other local housing authority; and
- The community solar project must have a direct current nameplate capacity that is greater than 12 kW but no greater than 199 kW, and must have at least two subscribers or one low-income service provider subscriber; and
- Verification that an individual household subscriber meets the definition of low-income must be provided to the administrator by an entity with authority to maintain the confidentiality of the income status of the low-income subscriber.

The community solar project may include a storage system with a solar energy system.

### PROPOSAL:

This bill increases the size of an eligible community solar project to no larger than 5,000 kW if located in an investor-owned utility territory or 200 kW if located in a consumer-owned utility territory, unless a larger size is approved by the utility serving the site of the project.

The minimum number of subscribers is increased to three and one single customer cannot own or subscribe to more than 49% of the project's generating capacity.

### EFFECTIVE DATE:

The bill takes effect 90 days after final adjournment of the session.

## II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### ASSUMPTIONS:

- Total statewide incentive payments are limited to \$25 million for each biennium beginning on or after July 1, 2023.
- Based on historical data and grants awarded by Department of Commerce for community solar programs (CSP), three CSP systems greater than 199 kilowatts (kW) will be certified each fiscal year beginning in 2024 through 2033.
- Taxpayers will use the public utility tax credit beginning in fiscal year 2025.
- Administrative costs for large CSPs are estimated at \$20,000.
- Each CSP system installation includes energy storage systems. The energy storage systems cost about 20% of the total price of CSP system.
- The incentive payments paid for qualifying CSPs will not impact the public utility tax credit caps. Should larger or multiple systems be built within smaller utilities, that utility may reach the public utility tax credit cap.

### DATA SOURCES

- Washington State University Energy Extension Program, Renewable energy repayment program data
- Ramasamy Vignesh, David Feldman, Jal Desai, and Robert Margolis. 2021. U.S. Solar Photovoltaic System and Energy Storage Cost Benchmarks: Q1 2021. Golden, CO: National Renewable Energy Laboratory. NREL/TP-7A40-80694. <https://www.nrel.gov/docs/fy22osti/80694.pdf>.
- Department of Commerce, Solar deployment grant program, <https://www.commerce.wa.gov/growing-the-economy/energy/clean-energy-fund/clean-energy-fund-solar-program/>
- Energy Sage, Average solar panel cost by system size in Washington, <https://www.energysage.com/local-data/solar-panel-cost/wa/>



**REVENUE ESTIMATES:**

This bill decreases state revenues by an estimated \$4.8 million in fiscal year 2025, the first full year of impacted collections

This bill has no impact to local revenues.

**TOTAL REVENUE IMPACT:**

State Government (cash basis, \$000):

- FY 2024 - \$ 0
- FY 2025 - (\$ 4,800)
- FY 2026 - (\$ 4,800)
- FY 2027 - (\$ 4,800)
- FY 2028 - (\$ 4,800)
- FY 2029 - (\$ 4,800)

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

**II. C - Expenditures**

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

**ASSUMPTIONS:**

This estimate affects 50 taxpayers.

**FIRST YEAR COSTS:**

The Department of Revenue will incur total costs of \$10,400 in fiscal year 2024. These costs include:

- Labor Costs – Time and effort equate to 0.1 FTEs.
- Train examiners on the credit program, update procedures, and monitor reports.

**ONGOING COSTS:**

There are no ongoing costs.

**Part III: Expenditure Detail**

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.1		0.1		
A-Salaries and Wages	6,200		6,200		
B-Employee Benefits	2,000		2,000		
E-Goods and Other Services	1,500		1,500		
J-Capital Outlays	700		700		
<b>Total \$</b>	\$10,400		\$10,400		

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

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EXCISE TAX EX 3	61,632	0.1		0.1		
<b>Total FTEs</b>		0.1		0.1		

**III. C - 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**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**Part V: New Rule Making Required**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1509 HB	<b>Title:</b> Fair access to community solar	<b>Agency:</b> 215-Utilities and Transportation Commission
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

**Non-zero but indeterminate cost and/or savings. Please see discussion.**

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6	0.0	0.3	0.2	0.2
<b>Account</b>					
Public Service Revolving Account-State 111-1	87,114	0	87,114	48,822	48,822
<b>Total \$</b>	87,114	0	87,114	48,822	48,822

### 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: Megan McPhaden	Phone: 360-786-7114	Date: 01/20/2023
Agency Preparation: Amy Andrews	Phone: 360-481-1335	Date: 01/27/2023
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 01/27/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/27/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

New Section 1 in RCW 80.28.068, the legislature intends to stimulate the deployment of community solar projects for the benefit of all Washingtonians by helping to increase energy independence from fossil fuels, reduce energy burden, promote economic development, hedge against the effects of climate change, create more energy equity, and attain environmental benefits. The Legislature also finds that participation in low-income solar project supports Clean Energy Transformation Act; offers energy assistance and bill credit to solar customers.

Section 2 alters many definitions found in the WAC 480-103, which will need to be updated through a rule making.

New Section 3 requires the commission to adopt rules to implement a community solar program by April 30, 2024. The rules must establish, at a minimum, consumer protection rules, which already exist in WAC 180-103, and require investor-owned utilities to file the tariffs, agreements, or forms necessary for implementation of the community solar program. Commission staff must also establish and maintain a publicly available queue of pre-certified projects in a manner that protects commercially sensitive or competitive information. Section 3 also outlines many requirements for community project program managers, which will need to be incorporated into WAC 480-103 through a rule making.

Section 4 contains substantive changes which include the ability to file financial fitness confidentially, performance bond requirements, and interconnection customer compensation. The UTC may charge a community solar project manager or community solar subscription manager an annual application fee to recover the cost of processing applications for registration under this section. Section 4 outlines additional criteria regarding how fees may or may not be set. Fees for investor-owned utilities are addressed in WAC 480-103, but the rules will need to be reviewed to determine if updates are needed.

Section 5 makes changes to 82.16.182 which does not impact the UTC.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

It is unclear if the commission regulated investor-owned utilities (IOUs) are considered to be community solar project managers or community solar subscription managers, which are required by this bill to pay registration fees to conduct business. For the purpose of this fiscal note the UTC assumes the IOUs are not required to register with the UTC. For context, the registration fees currently in rule are minimal with initial registration fee of \$450, renewal registration of \$150, and amended registration of \$150.

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

Simple rulemaking to revise existing community solar rules (WAC 480-103) by April 30, 2024.

FY2024 - \$38,292

(Administrative Law Judge, 0.06 FTE; Director | Regulatory Services, 0.02 FTE; Deputy Director | Regulatory Services, 0.02 FTE; Policy Advisor, 0.02 FTE; Deputy Asst. Director | Regulatory Services, 0.02 FTE; Regulatory Analyst 2, 0.03 FTE; Regulatory Analyst 3, 0.4 FTE; Asst. Director Policy, 0.02 FTE)

Review of three utilities' tariffs, agreements, or forms

Section 4 requires the UTC to review three investor-owned utilities tariffs, agreements, or forms necessary to implement the community solar program. Following the promulgation of WAC 480-103 rule amendments by April 30, 2024, the UTC further assumes all three electric utilities will file tariff revisions. Staff review will be presented at an open meeting by December 31, 2024, and UTC assumes utilities will revise tariffs or agreements biennially thereafter.

FY2024 - \$48,822 per biennium (FY 2026, FY 2028)

(Commissioner, 0.01 FTE; Deputy Assistant Director | Regulatory Services, 0.02 FTE; Director | Regulatory Services, 0.01 FTE; Director, Administrative Law & Policy, 0.01 FTE; Policy Advisor, 0.02 FTE; Regulatory Analyst 3, 0.24 FTE; Asst. Director, Consumer Protection, 0.01 FTE; Deputy Director | Regulatory Services, 0.01 FTE)

**Part III: Expenditure Detail**

**III. A - Operating Budget Expenditures**

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
111-1	Public Service	State	87,114	0	87,114	48,822	48,822
	Revolving Account						
<b>Total \$</b>			87,114	0	87,114	48,822	48,822

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

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.6		0.3	0.2	0.2
A-Salaries and Wages	57,873		57,873	33,212	33,212
B-Employee Benefits	20,256		20,256	11,625	11,625
C-Professional Service Contracts					
E-Goods and Other Services	8,985		8,985	3,985	3,985
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-					
<b>Total \$</b>	87,114	0	87,114	48,822	48,822

**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*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Administrative Law Judge	119,088	0.1		0.0		
Asst Director, Consumer Protection & Compliance	111,444	0.0		0.0	0.0	0.0
Asst Director, Policy	110,064	0.0		0.0		
Commissioner	168,012	0.0		0.0	0.0	0.0
Deputy Asst Director, Regulatory Services	101,136	0.0		0.0	0.0	0.0
Deputy Director, Regulatory Services	117,996	0.0		0.0	0.0	0.0
Director, Administrative Law & Policy	134,772	0.0		0.0	0.0	0.0
Director, Regulatory Services	134,532	0.0		0.0	0.0	0.0
Policy Advisor	100,008	0.0		0.0	0.0	0.0
Regulatory Analyst 2	82,896	0.0		0.0		
Regulatory Analyst 3	93,840	0.3		0.1	0.1	0.1
<b>Total FTEs</b>		0.6		0.3	0.2	0.2

**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**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

A simple rulemaking is assumed to implement provisions of sections 2, 3, and 4 of the bill to revise WAC 480-103. UTC assumes rules need to be adopted by April 30, 2024.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1509 HB	<b>Title:</b> Fair access to community solar	<b>Agency:</b> 365-Washington State University
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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.
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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Megan McPhaden	Phone: 360-786-7114	Date: 01/20/2023
Agency Preparation: Brittney Gamez	Phone: 509-335-5406	Date: 01/24/2023
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 01/24/2023
OFM Review: Ramona Nabors	Phone: (360) 742-8948	Date: 01/25/2023

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

House Bill 1509 is revising certain sections of RCW 80.28.370, 80.28.375, 82.16.182, and 82.16.183 while adding new sections. There is no significant change in the scale of the current community solar for low-income program or the responsibilities for the WSU Energy Program, therefore WSU expects no fiscal impact.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

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

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals 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

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE



**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1509 HB

Title: Fair access to community solar

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- Cities: Municipal Electric Companies that operate or serve community solar programs
- Counties: Counties that operate or serve community solar programs
- Special Districts: Public Utility Districts that operate or serve community solar programs
- Specific jurisdictions only:
- Variance occurs due to: Location of a community solar project

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: The number of local governments that operate community solar programs, the extent of reimbursements for start-up costs for implementing community solar programs, the number of low-income subscribers that would be exempt from community solar program related fees, how much electricity will be generated by community solar projects.

### Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

### Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

## Part III: Preparation and Approval

Fiscal Note Analyst: Chelsea Mickel	Phone: 518-727-3478	Date: 01/25/2023
Leg. Committee Contact: Megan McPhaden	Phone: 360-786-7114	Date: 01/20/2023
Agency Approval: Tammi Alexander	Phone: 360-725-5038	Date: 01/25/2023
OFM Review: Tiffany West	Phone: (360) 890-2653	Date: 01/25/2023

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

Section 1 was added to state the purpose of the bill.

Section 2 revises and augments definitions in the code regarding community solar programs.

Section 3 requires the Utilities and Transport Commission (UTC) to adopt rules to implement a community solar program by April 30, 2024. This section further details rule requirements, including where projects may be located.

According to the language in the bill, the allowable size of community solar projects is increased to 5,000 kilowatts (kW) for projects in investor-owned utility service areas. However, it limits projects to 200 kW in consumer-owned utility service areas. In both cases, utilities may approve larger sized projects.

The bill states that low-income subscribers and low-income service provider subscribers are exempt from community solar program related fees.

Certain costs incurred by electric utilities during the development and implementation of the community solar program are recoverable in electric utility rates, under the provisions of this bill. Qualifying costs include, but are not limited to, costs associated with billing system upgrades.

The bill also requires electric utilities to compensate subscribers of community solar projects for electricity generated by the project with a monthly retail-rate bill credit to compensate for the proportion of electricity generated by the project. These credits must be applied to subscribers' bills and must be rolled forward to future months until the credits are used.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

This bill would have indeterminate expenditure impacts on local governments.

Community solar programs are often run by non-profits and other entities that operate independently of local governments. Expenditure impacts for public utilities will vary by jurisdiction, depending upon whether or not a utility operates a community solar program and how they account for development costs for new projects.

Some public utilities, such as Seattle City Light, offer net metering and interconnection to the grid for customers who install solar electric systems, but do not operate their own community solar programs. Some public utilities, however, do administer community solar projects.

Clark County Public Utility District (PUD) has operated one such project since 2015. When developing community solar projects, Clark County PUD considers development costs when determining customer participation fees in order to prevent cost shifts to non-participant rate payers. Because of these considerations, Clark PUD does not anticipate using utility rates to offset development costs.

The net-crediting requirement in the bill would have indeterminate expenditure impacts. Net-crediting requires utilities to compensate subscribers of community solar projects for electricity they generate with a monthly retail-rate bill. The size of the expenditure impact depends on the size of the solar utility project and whether or not there are community solar projects in a utility's service area, and the number of solar project subscribers. Community solar project managers can enter into net-crediting programs on behalf of an eligible customer/subscriber. The net-crediting bill must include the subscriber's standard utility bill and the subscription fee. The subscription fee is then paid down with the monthly bill credit that is created by their portion of the community solar project. Depending on the length of time that subscription fees are paid off, the utility may incur expenditures for carrying the participation fee which could result in utilities offsetting

expenditures by increasing utility rates for non-project participants, resulting in a cost shift to non-participating customers

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

This bill would have indeterminate revenue impacts on local governments.

Fee exemptions for low-income subscribers to community solar programs may decrease revenues to utilities and other local governments that administer these programs. However, it is unknown how many subscribers would qualify for the fee exemptions, and whether or not the decrease in revenue from fees would be significant.

#### **SOURCES:**

Clark County Public Utility District

House Bill Analysis, HB 1509, Environment & Energy Committee, (2023)

House Bill Analysis, HB 1814, Environment & Energy Committee, (2022)

House Bill Analysis, ESB 2248, Environment & Energy Committee, (2020)

King County

Local Government Fiscal Note, SHB 1814, (2022)

Local Government Fiscal Note, HB 2248, (2020)

Revised Code of Washington, RCW 80.28.370

Seattle City Light

Snohomish County Public Utility District

Utility and Transport Commission (UTC)



# Multiple Agency Ten-Year Analysis Summary

<b>Bill Number</b>	<b>Title</b>
1509 HB	Fair access to community solar

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

## Estimated Cash Receipts

Department of Commerce	0	0	0	0	0	0	0	0	0	0	0	0
Department of Revenue	0	0	0	0	0	0	0	0	0	0	0	0
Utilities and Transportation Commission	0	0	0	0	0	0	0	0	0	0	0	0
Washington State University	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Ten-Year Analysis

<b>Bill Number</b> 1509 HB	<b>Title</b> Fair access to community solar	<b>Agency</b> 103 Department of Commerce
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Marla Page	Phone: 360-725-3129	Date: 1/28/2023 10:09:57 an
Agency Approval: Jason Davidson	Phone: 360-725-5080	Date: 1/28/2023 10:09:57 an
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 1509 HB	<b>Title</b> Fair access to community solar	<b>Agency</b> 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Alex Merk-Dyes	Phone: 360-534-1601	Date: 1/27/2023 1:34:56 pm
Agency Approval: Marianne McIntosh	Phone: 360-534-1505	Date: 1/27/2023 1:34:56 pm
OFM Review:	Phone:	Date:



# Ten-Year Analysis

<b>Bill Number</b> 1509 HB	<b>Title</b> Fair access to community solar	<b>Agency</b> 215 Utilities and Transportation Commission
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

<b>Name of Tax or Fee</b>	<b>Acct Code</b>												
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Agency Preparation: Amy Andrews	Phone: 360-481-1335	Date: 1/27/2023 12:04:23 pm
Agency Approval: Amy Andrews	Phone: 360-481-1335	Date: 1/27/2023 12:04:23 pm
OFM Review:	Phone:	Date:





# Ten-Year Analysis

<b>Bill Number</b> 1509 HB	<b>Title</b> Fair access to community solar	<b>Agency</b> 365 Washington State University
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

## Estimates

**No Cash Receipts**
                         
  **Partially Indeterminate Cash Receipts**
                         
  **Indeterminate Cash Receipts**

## Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
<b>Total</b>												

**Biennial Totals**

Agency Preparation: Brittney Gamez	Phone: 509-335-5406	Date: 1/24/2023 7:42:44 pm
Agency Approval: Chris Jones	Phone: 509-335-9682	Date: 1/24/2023 7:42:44 pm
OFM Review:	Phone:	Date: