

Senate bill 5101 is an investment cost recovery program for individuals (and businesses, etc.) that install qualified renewable energy facilities on-site to produce power they will use on-site. The property for which someone is claiming the incentive must be connected to the grid. The power produced reduces the amount of power that would have to come from the grid, but the power itself does not necessarily get sold to the grid.

The law does not require connection to the grid, and in fact, originally did not allow connection to the grid. When SB 5101 became law, Washington did not have uniform standards for interconnection. The law says that once the utilities covering 80% of the customer base have adopted uniform interconnection standards, then customers can apply for incentives for both interconnected production and non-interconnected production. This 80% requirement has now been met, so customers can apply for cost recovery incentives for energy produced from certain renewable resources whether or not the energy produced is connected to the grid.

Utilities are not required to participate in the program, so there is no guarantee that customers generating electricity from renewable sources will be able to obtain the incentives.

Policy Goal/Fixed Target

There is no fixed target. This law is not aimed at producing energy that will be fed into the grid. It is primarily about producing energy on-site that will be used on-site by the end consumer (thus reducing the electricity needed from the grid).

The stated goal of SB 5101 is to “provide incentives for the greater use of locally created renewable energy technologies, support and retain existing local industries, and create new opportunities for renewable energy industries to develop in Washington.” SB 5105 § 1.

Renewable Energy Sources Chosen

The law applies to electricity generated from solar energy, wind power, or an anaerobic digester that processes manure from livestock and dried manure. RCW § 82.16.110(5), RCW § 82.08.900.

Technology Based Tariffs

Tariffs are technology based. It is not clear whether the tariffs are based on the production costs.

All customers who install renewable energy systems, no matter what kind, can apply for a base incentive rate of fifteen cents per economic development kilowatt-hour. The incentive rate is multiplied by 0.8 for all wind power generation systems not manufactured in Washington, reducing the incentive paid to these generators. The incentive rate is multiplied by a number that increases the incentive if the system uses

technology manufactured in the State of Washington. The number used depends on the type of technology. RCW § 82.16.120(5)(a)-(d).

Solar modules manufactured in Washington: Multiply base rate by 2.4.

Solar or wind systems equipped with an inverter manufactured in Washington: Multiply base rate by 1.2.

Anaerobic Digester, other solar equipment, or wind generator blades manufactured in Washington: Multiply base rate by 0.8.

This has the additional effect of promoting products manufactured in Washington and dissuading investment in wind products not produced in Washington.

Guaranteed for a Fixed Period

The program is not guaranteed to customers who want to install renewable energy systems on their property because participation by the light and power business is voluntary. WAC 458-20-273: Renewable energy system cost recovery. If the business is participating in the program, the consumer can apply to the light and power business for the investment cost recovery incentive. The period for which customers can recover incentives is July 1, 2005 through June 30, 2014. RCW § 82.16.120(1).

Purchase Obligation

There is no purchase obligation. There is no requirement that the electricity produced by renewable resources be connected to the grid. There is also no requirement of participation by the light and power businesses in the incentive program. Finally, a consumer producing electricity that qualifies for incentive payments must apply for the payment.

Premium vs. Fixed Tariff

The tariff varies by fuel type and/or where the components were manufactured. RCW § 82.16.120(5)(a)-(d).

Regular Reviews

There are no provisions requiring review or adjustment of the rate. The Department of Revenue must report to certain committees of the legislature about the impacts of the law by December 1, 2009. RCW § 82.16.140(1).

Stepped or Flat Tariffs

Flat tariff.

Pre-defined Reductions

No.

Burden Sharing

No burden sharing. Same rate for all consumers. Under this law, no power is being purchased. An incentive is paid for electricity produced by the end-consumer.

Forecast Obligation

No.

Measures for Increased Local Acceptance

No.

Optional Additional Incentives

There are rates above the fifteen cents per economic development kilowatt-hour for those customers that use solar, anaerobic digester, and wind power generating systems manufactured in Washington. RCW § 82.16.120(5)(a)-(c).

There is also a decreased rate for any wind system not manufactured in Washington. RCW § 82.16.120(d)

Elements that do not seem REFIT

1. Electricity does not need to be fed into the grid.
2. The law provides for investment cost recovery incentives and tax credits, not tariffs to renewable energy suppliers/generators.