



STATE OF WASHINGTON

DEPARTMENT OF REVENUE

**WAC 458-20-273 Renewable Energy System Cost Recovery
Attachment for CR 103 filing**

Description of differences in text between proposed rule as published and rule as adopted.

The following changes were made to the proposed rule presented at the July 27, 2006 CR 102 hearing. The language added to the proposed rule is underlined:

The first amendment of the proposed rule as published is in the preamble as follows:

WAC 458-20-273 Renewable energy system cost recovery. The customer investment cost recovery incentive payment ("incentive payment") covers the purchase and use of renewable energy systems that produce electricity, such as: Solar energy systems, wind generators, and certain types of anaerobic digesters that process manure from cattle into biogas and dried manure using microorganisms in a closed oxygen-free container. Any individual, business, or local government that purchases and uses such a system may apply for an incentive payment from the light and power business that serves their property. Your light and power business may make payment to you in the form of a credit offsetting the amount you owe on your power bill. The light and power business then gets a credit on its public utility tax for the amount it pays to customers as incentive payments. The department of revenue is not regulating light and power businesses; it is only administering a tax credit program relating to the public utility tax. Therefore, the department will only audit light and power businesses to determine whether their claimed credit amount equals the amount of the total of customers' incentive payments, whether they proportionally reduced the payments to each customer by an equal percentage if the limit of total allowed payments is reached, and whether the customer payments are based on measured production of the renewable energy systems. A light and power or gas distribution business will not qualify for an incentive payment. This program applies to measured customers' renewable energy system kilowatt-hours generated between July 1, 2005, and June 30, 2014.

The next amendment of the proposed rule as published is a change in the Transition Rule for the period July 1, 2005, through June 30, 2006, located in Question & Answer No. 4:

There is a special transition rule for the first annual period from July 1, 2005, through June 30, 2006. For only the first year of the incentive program, recognizing that each utility will establish its own procedures and requirements for metering the output of customers' renewable energy systems, the department will accept kWh production readings taken from the inverter or from an owner installed production meter. The owner must report the reading of the meter from July 1, 2005 (or make a good-faith estimation if no reading exists) and the reading on June 30, 2006. Your June 30, 2006 reading may be relied upon by your light and power business as the

first reading for the subsequent year July 1, 2006, through June 30, 2007. Further, if your light and power business decides to replace your production meter during the subsequent year July 1, 2006, through June 30, 2007, it may rely on the last reading on your prior meter before its replaced. You must also report the array size in DC watts. This information will be used to validate reported watt hours for the first year. Your participating light and power business is not required to perform independent reading or monitoring of your system's electric generation during the first year. Further, for the first year only, the power and light business serving your property shall have one hundred twenty days to notify you whether your incentive payment is authorized or denied and shall process your annual payment, if any, by January 31, 2007. You must file your request for system certification with the department of revenue no later than September 30, 2006. Each light and power business will decide its own deadline for submission of your annual application for incentive payment during this first year.

Another amendment of the proposed rule as published is located in Question and Answer No. 5:

(5) What are the possible procedures you and your light and power business may follow in setting up your incentive payments? Recommended procedures you should follow when requesting your light and power businesses to set up your incentive payments and the possible procedures your light and power business may follow are as follows:

. First, since participation under this incentive program is voluntary for light and power businesses, contact the light and power business serving your property and ask whether it is participating and what application procedures you must follow.

. If your light and power business is participating in the incentive program, then you submit an application to your light and power business.

. You submit to your light and power business proof that your renewable energy system is certified by the department of revenue for the incentive payment program.

. You submit to the light and power business a copy of the approved certification and letter from the department of revenue. You should submit this information to the light and power business before August 1st in order to receive payment for any production that occurred prior to July 1st.

. If your light and power business approves your application, then it will require a signed agreement that it will provide to you.

. You or your licensed electrical contractor or certified electrician obtain an electrical permit and install the system. (A licensed electrical contractor or certified electrician must install the system, unless you perform the work yourself on your home with the help of an uncompensated volunteer who assists you. See WAC 296-46B-925(13) for guidance on the proper installation of your system.)

. Once installation is complete your renewable energy system must pass a final electrical inspection from the local code official.

. Your local light and power business will send a utility serviceman to inspect your system and may install an electric production meter if one meeting its qualifications is not already installed.

. Your production meter is read by the light and power business at least annually and it processes your annual incentive payment.

. Your light and power business notifies you within sixty days whether your incentive payment is authorized or denied.

. Your light and power business calculates annual production payments based on the meter reading or readings made prior to the accounting date of July 1st.

. Your incentive payment check (or credit to your account) is sent to you by your light and power business on or before December 15th.

A further amendment of the proposed rule as published is located in Question and Answer No. 6:

(6) What is the formal agreement between me and my light and power business?

The formal agreement between you and the light and power business serving your property governs the relationship between you and your light and power business. This document may:

- . Contain the necessary safety requirements and interconnection standards;
- . Allow the light and power business the contractual right to review your substantiation documents for four years, upon five working days' notice;
- . Allow the light and power business the contractual right to assess against you, with interest, for any overpayment of incentive payments made to you;
- . Delineate any extra metering costs for an electric production meter to be installed on your property;
- . Contain a statement allowing the department of revenue to send proof of your system's certification electronically to your light and power business, which will include your department of revenue taxpayer's identification number; and
- . Contain other information required by the light and power business to effectuate and properly process your incentive payment.

Another amendment of the proposed rule as published is located in Question and Answer No. In the third sentence the word “development” was added. Now the third sentence reads:

“An economic development kilowatt-hour is the actual kilowatt-hour measurement of your generated electricity multiplied by the appropriate economic development factor.”

The last amendment of the proposed rule as published is located in Question and Answer No. 20:

(20) Are individuals, businesses and local governments that are not interconnected to the electric transmission and distribution system and who are not customers of a light and power business eligible for the incentive payment program? Generally, only renewable energy systems located on interconnected properties belonging to customers of a light and power business are eligible for participation in the incentive payment program. The term property means within the established boundaries of the lot served by the light and power business. However, the renewable energy system generating the electricity does not itself have to be interconnected to the electric transmission and distribution system as long as it is located on a property served by a light and power business.

For example, if a customer of a light and power business living in a home connected to the power grid builds a studio addition served by a renewable energy system that is not connected to the power grid, that customer is eligible for the incentive payment program.

Another example, if a customer of a light and power business owning a manufacturing facility connected to the power grid builds an unattached vehicle garage on the same lot that the factory is located and the garage is not interconnected, the renewable energy system supplying electricity to this garage is eligible for the incentive payment program.

If the facts are the same as above, but the manufacturing facility's owner buys a new lot across the street and the only improvement on this separate lot is the unattached vehicle garage that is not connected to the power grid, then the renewable energy system attached to the garage would not be eligible for the incentive payment program.