

*In 2017, as part of Washington Senate Bill 5939, the legislature created a new structure for community solar projects and incentives, allowing greater flexibility for where projects can be built, how large they can be, and how people can participate. The incentive program is currently open for applications for community solar projects, and projects must file for pre-certification prior to construction. This fact sheet provides an overview of the program.*

*Community solar provides an opportunity for people to directly benefit from the incentives available. There is benefit to planning and launching projects early in the program, and starting to think now about how you or your organization may want to play a role in community solar.*



**Project Size and Participants:** Community Solar projects can be up to 1 megawatt in peak capacity, and be located anywhere in the state, provided that the utility is participating in the WA Renewable Energy System Incentive Program. Participants in the community solar project can be residential, commercial, or government electricity customers of the utility where the project is located. A community solar project must have at least 10 participants, or one participant for every 10kW of project capacity, whichever is greater. There is no minimum increment of participation.



**Project Administration:** Projects must be organized and administered by one of three types of organizations: electric utilities, 501(c)3 non-profits, and housing authorities. Housing authorities include public and tribal entities that provide housing services as a portion of their duties. This does not preclude other private entities from being involved in financing or developing projects, or using Federal tax credits, but the entity that applies for and distributes incentive payments must fall into one of the three categories. In order for a non-utility entity to participate as a project administrator, they must register as a “Community Solar Company” with the Washington Utilities and Transportation Commission (UTC). The incentive program as a whole is overseen and administered by the Washington State University Energy Program Office (WSU Energy Office)



**Incentives:** Eligible projects qualify for annual incentive payments to participating customers, based on their portion of the power generation of the project. The rate paid depends on the fiscal year of pre-certification of the community solar project, and whether the project uses Made-in-Washington solar modules. The chart below shows the annual incentive payment level. Fiscal Year 2018 spans from July 1st, 2017 to June 30th 2018.

Fiscal Year	2018	2019	2020	2021
Community Solar Rate (\$/kWh)	\$0.16	\$0.14	\$0.12	\$0.10
Made-in-Washington Bonus (\$/kWh)	\$0.05	\$0.04	\$0.03	\$0.02

Participants receive payment for up to 8 years, or until 50% of the total costs of the project have been recovered. In addition, there is a limit to how much in total payments each utility can make to community solar projects, as well as an overall state cap on incentive payments. WSU provides a regularly updated list of utilities and their respective allocations.

For example, if a housing organization develops a 150 kW community solar project in the Tacoma area, it can be expected to generate approximately 150,000 kWh per year of electricity. If the system was installed in Fiscal Year 2019, the participants would be eligible for annual payments based on the following formula:

$$\begin{array}{c}
 \text{150,000 kWh} \\
 \text{annual solar generation}
 \end{array}
 \times
 \begin{array}{c}
 \$0.18/\text{kWh} \\
 \$0.14 \text{ CS rate} + \$0.04 \text{ Made} \\
 \text{in WA}
 \end{array}
 =
 \begin{array}{c}
 \$29,700 \\
 \text{total annual payment to be} \\
 \text{distributed to participants}
 \end{array}$$

For a system of that size there would need to be at least 15 participants in the community solar project. Each participant would be paid based on their portion of the project, though no participant can receive more than \$5,000 in payments per year. The total payments over 8 years would be based

on the total installed system cost, and the sum of payments cannot exceed 50% of costs. The balance of economic benefits come from either the energy value over the life of the project, or Federal tax credits.



**Energy Valuation:** It is up to the Project Administrator and the electric utility to determine how the energy generated from the project is valued, whether it is purchased by the utility or used to offset energy use at a building where the project is located through a net-metering agreement.



**Terms:** Participation terms can be structured either as up-front payments, or payments over time, as long as all the terms are clear to participants. This allows for people with lower incomes to participate, and for flexibility in structure of partnership between businesses and residential customers in a project.



**Incentive Reservation and Construction:** In order to build a community solar project and receive the incentive, the Project Administrator must first file a pre-certification with WSU, which serves as an incentive reservation. The Project Administrator then has 365 days to complete construction of the project and file for final certification, including information about the project and participant structure.

### OPPORTUNITIES TO LAUNCH COMMUNITY SOLAR

- Contact your electric utility and let them know that you want to participate in community solar. Customer interest is part of what will drive utilities to develop programs for community solar.
- If you are part of an organization that has land or large roof space available, your site could host a community solar project
- Connect with non-profit organizations in your community that are interested in organizing community solar projects

### ADDITIONAL RESOURCES

- WSU Renewable Energy System Incentive Program: <http://www.energy.wsu.edu/RenewableEnergySystemIncentiveProgram.aspx>
- Utilities and Transportation Commission – Community Solar Company Rulemaking: <https://www.utc.wa.gov/docs/Pages/CommunitySolarRulemaking,DocketUE-171033.aspx>

### ABOUT SOLAR PLUS

Solar Plus is a regional effort to plan and implement state strategies in Oregon and Washington to achieve the full technical, social, and economic benefits of distributed solar. Through engagement with stakeholders, Solar Plus looks to deliver benefits in addition to electricity: solar plus jobs, solar plus resilience, and solar plus equity. Visit [solarplusnw.org](http://solarplusnw.org) to learn more.

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