# Washington Renewable Energy Production Incentives

*Last DSIRE Review: 04/02/2010*

http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=WA27F&re=1&ee=0

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| **State:** | Washington |
| **Incentive Type:** | Production Incentive |
| **Eligible Renewable/Other Technologies:** | Solar Thermal Electric, Photovoltaics, Wind, Anaerobic Digestion |
| **Applicable Sectors:** | Commercial, Residential, Nonprofit, Local Government, Utility |
| **Amount:** | $0.12/kWh - $1.08/kWh through 6/30/2020, depending on project type, technology type and where equipment was manufactured |
| **Maximum Incentive:** | $5,000/year |
| **Terms:** | Off-grid properties are not eligible |
| **Eligible System Size:** | Community solar projects: up to 75 kW |
| **Ownership of Renewable Energy Credits:** | Customer-generator |
| **Program Administrator:** | Washington State University |
| **Start Date:** | 8/31/2006 |
| **Expiration Date:** | 6/30/2020 |
| **Web Site:** | http://web.me.com/green_island_trust/Northwest_Solar_Center/Incen... |

**Authority 1:** RCW 82.16.110 et seq.

**Date Enacted:** 5/6/2005 (subsequently amended)

**Date Effective:** 7/1/2005

**Expiration Date:** 6/30/2020

**Authority 2:** WAC 458-20-273

**Date Effective:** 8/31/2006

Summary

In May 2005, Washington enacted Senate Bill 5101, establishing production incentives for individuals, businesses, and local governments that generate electricity from solar power, wind power or anaerobic digesters. The incentive amount paid to the producer starts at a base rate of $0.15 per kilowatt-hour (kWh) and is adjusted by multiplying the incentive by the following factors:

For electricity produced using solar modules manufactured in Washington state: 2.4
For electricity produced using a solar or wind generator equipped with an inverter manufactured in Washington state: 1.2
For electricity produced using an anaerobic digester, by other solar equipment, or using a wind generator equipped with blades manufactured in Washington state: 1.0
For all other electricity produced by wind: 0.8

These multipliers result in production incentives ranging from $0.12 to $0.54/kWh, capped at $5,000 per year. Ownership of the renewable-energy credits (RECs) associated with generation remains with the customer-generator and does not transfer to

the state or utility.

In May 2009, Washington passed SB 6170, effective July 1, 2009. With the passage of this legislation, community solar projects are able to receive the production incentive. Community solar projects are defined as solar energy systems up to 75 kilowatts (kW) that are owned by local entities and placed on local government property or owned by utilities and funded voluntarily by utility ratepayers. The legislation excludes utility-owned projects from receiving the production incentive if the utility has annual sales greater than 1,000 megawatt-hours (MWh). In June 2009, the Department of Revenue clarified this exclusion, stating that utility-owned community solar projects that are voluntarily funded by rate-payers are eligible for this production incentive. This ruling was formalized with the passage of SB 6658 in March 2010. This legislation also allows projects on local government property that are owned by limited liability companies, cooperatives, or mutual corporations or associations to receive the incentive. The company itself is not eligible, but owners may take advantage of the incentive. The base rate for community solar projects is $0.30/kWh and the multipliers are the same as those used for other renewable energy technologies. The actual production incentives range from $0.30/kWh to $1.08/kWh, as the incentive rate is higher for modules and inverters manufactured in Washington. The incentive is capped at $5,000 per year. Each participant in a community solar project, or each owner of a project, can apply to receive this incentive and may receive up to $5,000 per year.

The state's utilities will pay the incentives and earn a tax credit equal to the cost of those payments. SB 6170 also increased the tax credit that utilities may claim for awarding production incentives. Previously, the credit could not exceed the greater of $25,000 or 0.25% of a utility's taxable power sales. Now, the credit cannot exceed the greater of $100,000 or 0.5% of a utility's taxable power sales. Incentive payments to community solar projects cannot exceed 25% of the total allowable credit. The incentive amount may be uniformly reduced if requests for the incentive exceed the available funds.

The Washington Department of Revenue (DOR) is responsible for submitting a report measuring the impacts of this legislation, including any change in the number of solar energy system manufacturing companies in Washington, and the effects on job creation, such as the number of jobs created for Washington residents.

The incentives apply to power generated as of July 1, 2005, and remain in effect through June 30, 2020. A utility may not claim any tax credits for incentive payments after June 30, 2021.

Click here for the DOR renewable energy system certification form and here for the community solar project certification form. Click here for the DOR annual incentive payment application and here for the DOR annual incentive payment application for community solar projects.

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