



Background: The Renewable Energy System Cost Recovery program was created by the State of Washington in order to help promote and incentivize solar installations in the state. Customers are able to receive an annual production-based incentive from the State by generating electricity at their residence or business from solar power, wind power or anaerobic digesters or by participating in utility Community Solar Programs. City Light voluntarily chooses to participate in the state program and administers incentive payments to its participating customers. Utilities are reimbursed for the incentive payments through a credit on their state utility taxes, but there is an annual limit, or cap, on the state funds available for each participating utility.

Who set up the solar incentive cap for City Light and how is the incentive cap determined?

The state legislature established the incentive cap for City Light and all other utilities as part of Washington State's Renewable Energy System Cost Recovery program (RCW 82.16.120). In exchange for paying the state incentive funds to their participating customers, each participating utility may claim an annual tax credit, which cannot exceed the greater of \$100,000 or 0.5% of the utility's taxable power sales.

When a utility reaches its incentive cap, the state provides two options to the utility: 1) proportionally reduce the incentive payments to all solar customers or 2) stop accepting new solar applications for the state incentive program and continue paying customers already in the program the incentive at the rate in effect when it stops taking new participants.

Will City Light reach the incentive cap?

City Light could reach the solar incentive cap due to many factors, including:

- Larger average solar systems being installed (kW)
- Increased use of WA manufactured components (certified for \$0.54/kWh vs \$0.15/kWh)
- More sunshine (actual production trending higher than previous estimates)
- Lower retail sales (reducing cap) due to mild winter/less heating load

When will the reduced solar incentive payments be effective?

The reduced solar incentive payments will be effective once the cap is reached.

Could the incentive reduction be the same in future years?

City Light has been authorized by the Mayor to continue providing incentive payments, but reduce proportionally. How City Light administers the program could change in future years depending on a number of factors, including program growth and the outcome of future legislative sessions. Any



program changes or solar incentive cap updates will be communicated in a timely manner.

Do solar-generating customers and community solar participants have the same incentive payment reduction?

The state statute dictates incentive payments are to be reduced proportionally, so all City Light solar customers will get the same proportional reduction. Depending on how you are participating in the program – residential with a small or large system, or community solar – the reduction will be the same percentage but the actual payment amount will vary.

Why should I still sign up to be a solar customer after the reduced incentive rate?

Despite the reduction in incentive payments, City Light customers are still encouraged to engage in solar generation, whether it's through Community Solar Programs or customer generation. City Light solar customers receive a variety of additional benefits, such as the federal renewable energy Investment Tax Credit, Washington State sales tax exemption for systems less than 10kW, and net metering benefits.

Who can I contact if I have more questions?

Seattle City Light
Energy Advisors
(206) 684-3800
SCLEnergyAdvisor@seattle.gov