

JLARC to review credit for utilities participating in the Renewable Energy System Incentive Program

The 2006 Legislature directed JLARC staff to conduct performance audits of tax preferences. This preference is included in the review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

The credit for renewable energy systems provides utilities a public utility tax credit for the amount they pay customers through the Renewable Energy System Incentive Program (Program).

The Program allows participating utilities to pay customers for every kilowatt-hour of electricity generated by renewable energy systems, including rooftop solar panels or a wind turbine. Customers with these systems include individuals, businesses, and community solar organizations. The Program is administered by the Washington State University Energy Extension Program, in coordination with participating utilities.



Credit intended to encourage installation of renewable energy systems

The Legislature included a performance statement specifying that the credit was intended to encourage installation of renewable energy systems, thereby promoting economic development, increasing jobs, and fostering energy independence from fossil fuels. The Legislative Auditor was directed to conclude that the preference has met its objectives if two conditions are met:

- 115 megawatts of capacity are installed.
- The state's solar-related employment either increases in number of jobs or improves in national rankings.

This study will address the following questions:

1. How many entities have used the Program, what kinds of systems have they installed, how much have beneficiaries saved, and how much solar capacity has been added?
2. How does the preference incentivize installation of renewable energy systems, and how has this affected which entities use it and the type of systems installed?
3. Has the preference increased renewable energy system installation?
4. How has employment in the installation and manufacturing industries changed, including the number of solar jobs and Washington's national rank for solar jobs?
5. What is the impact of the Program on the broader economy, and how does that compare to the impact of the reduction in state tax revenue?

Study Timeframe

Preliminary Report: July 2021

Proposed Final Report: December 2021

Study Team

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