

## Renewable Energy Systems Tax Incentives

Washington state offers tax incentives for electricity produced by solar and wind. This program is not part of Klickitat PUD's solar rebates. However, KPUD has volunteered to be the vehicle to get the incentive to our customers.

In May 2005, Washington enacted Senate Bill 5101, establishing a production incentive of 15 cents per kilowatt-hour (kwh) with a cap of \$2,000 a year for residential, businesses, or local governments that generate electricity from solar power, wind power or anaerobic digesters. Multiplying the incentive by the following factors, the electric producer will determine how they will be paid.

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

Ownership of the renewable-energy credits (RECs) associated with generation remains with the customer generator and does not transfer to the state or utility.

The utilities will pay the incen-



tive and earn a tax credit equal to the cost of those payments. Credits cannot exceed \$25,000 or .25 percent of a utility's taxable power sales.

The incentive applies to power generated as of July 1, 2005, and remains in effect through June 30, 2014. A utility may not claim any tax credit for incentive payments after June 30, 2016.

For a customer to certify a project, a Renewable Energy System Cost Recovery Certification 82.16 RCW, and Renewable Energy System Cost Recovery Annual Incentive Payment Application form must be submitted to the state.

These forms can be found on [www.dsireusa.org](http://www.dsireusa.org).

- Click on Washington State and under "Production incentive,"
- Click on "Washington Renewable energy production incentive."
- Page down to click here for "DOR renewable energy system certification form" and "DOR annual incentive payment application."

After the customer completes the DOR renewable energy system certification form and sends it into the state, the state will send a letter stating the project is approved and certified. The letter will include a tax reporting number. At this stage, the customer must complete the DOR annual incentive payment application form and turn it into their utility. A copy of the letter must be submitted to the utility on the annual incentive payment application. ■

