

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2156

Chapter 349, Laws of 2024

68th Legislature
2024 Regular Session

SOLAR ENERGY SYSTEM CONSUMER PROTECTIONS

EFFECTIVE DATE: June 6, 2024

Passed by the House February 8, 2024
Yeas 96 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate February 27,
2024
Yeas 49 Nays 0

DENNY HECK

President of the Senate

Approved March 28, 2024 2:40 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2156** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 29, 2024

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2156

Passed Legislature - 2024 Regular Session

State of Washington

68th Legislature

2024 Regular Session

By House Consumer Protection & Business (originally sponsored by Representatives Reeves, Doglio, and Pollet; by request of Department of Commerce)

READ FIRST TIME 01/24/24.

1 AN ACT Relating to solar consumer protections; and adding a new
2 chapter to Title 19 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that many
5 Washingtonians are solicited by solar energy salespersons and solar
6 energy contractors to purchase or lease a solar energy system.
7 Salespeople and contractors are responsible for accurately
8 representing the financing terms, total cost, and performance of the
9 solar energy equipment to support the customer in making an informed
10 decision about whether the installation is economically viable. If
11 these terms are not communicated correctly, customers face financial
12 hardship. The legislature declares that this is a matter of public
13 interest. It is the intent of the legislature to establish rules of
14 business practice for solar energy contractors and solar energy
15 salespersons to promote honesty and fair dealing with homeowners,
16 other property owners, and leaseholders.

17 NEW SECTION. **Sec. 2.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires
19 otherwise.

1 (1) "Customer" means a residential or commercial property owner
2 or leaseholder who is solicited by or signs a contract with a solar
3 energy salesperson or a solar energy contractor for a residential or
4 commercial solar energy system.

5 (2) "Dealer fee" means an amount paid by a solar energy
6 contractor or solar energy salesperson to a lender in order to offer
7 a customer credit to finance the purchase and installation of a solar
8 energy system.

9 (3) "Electric utility" means any entity that is engaged in the
10 business of distributing electricity to retail electric customers in
11 the state.

12 (4) "Major system components" means any inverters, module-level
13 power electronics, solar panels, racking systems, or battery energy
14 storage equipment included in the solar energy installation.

15 (5) "Net metering" means measuring the difference between the
16 electricity supplied by an electric utility and the excess
17 electricity generated by a customer-generator's net metering system
18 over the applicable billing period.

19 (6) "Person" includes an individual, corporation, company,
20 partnership, joint venture, or business entity.

21 (7) "Solar array" means a mechanically and electrically
22 integrated grouping of modules with support structure, including any
23 attached system components such as inverters or dc-to-dc converters
24 and attached associated wiring.

25 (8) "Solar energy contractor" means a person, partnership,
26 corporation, or other entity that designs, installs, repairs,
27 replaces, or maintains solar energy systems.

28 (9) "Solar energy installation contract" means an agreement
29 between a solar energy contractor or solar energy salesperson and a
30 customer that includes, in part, an agreement to install a
31 residential or commercial solar energy system for a total cost
32 including labor and materials in excess of \$1,000.

33 (10) "Solar energy salesperson" means a person who solicits,
34 negotiates, or otherwise endeavors to procure a solar energy
35 installation contract with a customer to install, repair, or replace
36 residential or commercial solar energy systems on behalf of a solar
37 energy contractor.

38 (11) "Solar energy system" is the total components, circuits,
39 solar energy equipment, and other equipment that in combination
40 convert solar energy into electrical energy.

1 (12) "Solicit" means to make contact with the customer for the
2 purpose of selling or installing residential or commercial solar
3 energy systems including, but not limited to, contact through any of
4 the following methods:

- 5 (a) Door-to-door contact;
- 6 (b) Telephone contact or text messages;
- 7 (c) Flyers left at a residence;
- 8 (d) Internet or social media advertisements; or
- 9 (e) Other promotional advertisements which offer gifts, cash, or
10 services if the customer contacts the solar energy contractor or
11 solar energy salesperson.

12 NEW SECTION. **Sec. 3.** (1) Any person, firm, partnership,
13 corporation, or other entity advertising, offering to do work,
14 submitting a bid, engaging in, conducting, or carrying on the
15 business of installing, repairing, replacing, or maintaining
16 residential or commercial solar energy systems for a total cost
17 including labor and materials in excess of \$1,000 must be licensed as
18 provided in RCW 19.28.041.

19 (2) Any person, firm, partnership, corporation, or other entity
20 designing residential or commercial solar energy systems for a total
21 cost including labor and materials in excess of \$1,000 must be
22 licensed as provided under RCW 19.28.041, or be a licensed design
23 professional under chapter 18.08 or 18.43 RCW and practicing in their
24 field of specific training and qualifications.

25 (3) All solar energy installation contracts must be consistent
26 with this section. This section does not apply to any person
27 installing residential or commercial solar energy systems on the
28 person's own property who is properly exempted under RCW 19.28.261.

29 (4) A solar energy installation contract must be in writing, must
30 be written in the same language and contain terms as were principally
31 used in the sales presentation made to the customer, including any
32 material contract terms from print or digital marketing material
33 given to the customer. A copy of the contract must be given to the
34 customer at the time the customer signs the contract. The contract
35 must be typed or printed legibly and contain the following
36 provisions:

- 37 (a) An itemized list of work to be performed including any known
38 or anticipated electrical system upgrades or utility equipment
39 upgrades that are necessary for installation;

1 (b) Any financing that is incorporated directly into the
2 contract, which must be identified as a separate line item and
3 conform to all state and federal consumer loan regulations and
4 disclosure requirements, including terms, conditions, interest rates,
5 annual percentage rate, the amortization schedule, and information on
6 how the loan is secured;

7 (c) Disclosure of the exact amount paid, if any, by a solar
8 energy contractor or solar energy salesperson to any lender or third-
9 party financing company in the form of a dealer fee, or other similar
10 inducement to obtain financing, irrespective of whether financing is
11 incorporated within the contract or in conjunction with a third-party
12 lender;

13 (d) The total dollar amount of the contract;

14 (e) The cost per watt calculated as the total contract amount,
15 including labor and materials, for installing the solar energy system
16 divided by the total direct current nameplate rating of the solar
17 energy system;

18 (f) A detailed payment schedule based on project completion
19 milestones that explains when payments are due, explains the
20 customer's right to cancel the contract, and identifies the
21 cancellation fees due at each milestone in the payment schedule;

22 (g) The model and brand name of major system components to be
23 installed. If any major system components change throughout the
24 duration of the contract, those changes must be documented, the
25 efficiency and warranty period of the new major system components
26 must be provided, and the changes must be agreed upon in writing by
27 the customer;

28 (h) The manufacturer's warranty period for each major system
29 component of the solar energy system;

30 (i) Any ongoing operations and maintenance costs that are
31 included in the contract;

32 (j) A list of anticipated maintenance activities that the
33 customer will need to perform in order to maintain the warranty and
34 performance of the solar energy equipment including, but not limited
35 to, inverter replacement;

36 (k) The solar energy system's first-year annual production
37 projections in kilowatt-hours. The methodology and the nationally
38 recognized, industry-standard tool used to develop the projections
39 must be provided with the annual production projection data.
40 Projections must be based on site-specific considerations of each

1 solar array, including location of the installation, orientation and
2 angle of the panels, and on-site shading factors and must at a
3 minimum account for the difference in production over the month of
4 December versus the month of June. Projections must not exceed the
5 optimal inverter performance identified by the manufacturer of the
6 inverter equipment identified in the contract;

7 (l) An explanation of what happens annually to any unused net
8 metering or other applicable bill credits from on-site generation;

9 (m) The solar energy contractor's good faith estimate of
10 projected electric bill savings from the solar energy system that the
11 customer is expected to achieve over the first 12 months after
12 interconnection. The customer's current electric rate must be used in
13 this calculation unless a rate change for the customer's applicable
14 rate class has been approved and finalized for the applicable period.
15 If the customer agrees, the relevant electric utility shall provide
16 detailed electric use history to the solar energy contractor and may
17 support calculation of the annual bill savings estimate;

18 (n) The name, business address, email address, and phone number
19 of the primary solar energy salesperson, if different from the solar
20 energy contractor;

21 (o) The name, business address, email address, contractor's
22 license number of the solar energy contractor, and link to the
23 Washington state department of labor and industries contractor
24 verification tool;

25 (p) A statement as to whether all or part of the work is intended
26 to be subcontracted to or performed by another person or entity other
27 than the solar energy contractor's own workforce;

28 (q) The following recommendation in capital letters, which must
29 be initialed by the customer acknowledging they have read and
30 understand the recommendation provision:

31 "IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR PART OF THE
32 CONTRACT, IT IS RECOMMENDED THAT YOU WAIT UNTIL RECEIVING FINANCIAL
33 APPROVAL BEFORE SIGNING THIS SOLAR ENERGY INSTALLATION CONTRACT. IN
34 ADDITION, IF YOU INTEND TO OBTAIN A LOAN TO PAY FOR ALL OR PART OF
35 THE CONTRACT, IT IS RECOMMENDED THAT YOU VERIFY WHETHER LOAN PAYMENTS
36 ARE DUE BEFORE THE SYSTEM IS OPERATIONAL. NOTHING IN THIS CONTRACT
37 ALTERS YOUR RESPONSIBILITY TO PAY YOUR ELECTRIC UTILITY COMPANY FOR
38 AMOUNTS DUE ON YOUR ELECTRIC BILL.";

1 (r) The following rescission rights notice in capital letters,
2 which must be initialed by the customer acknowledging they have read
3 and understand the notice provision:

4 "CUSTOMER'S RIGHT TO CANCEL: YOU HAVE THE RIGHT TO CANCEL YOUR
5 SOLAR ENERGY INSTALLATION CONTRACT WITHIN THREE BUSINESS DAYS OF
6 CONTRACT SIGNING. YOUR NOTICE OF CANCELLATION MUST BE MADE IN WRITING
7 AND EMAILED OR MAILED VIA CERTIFIED LETTER TO THE CONTACTS LISTED IN
8 THIS CONTRACT.";

9 (s) A statement clearly explaining whether the solar energy
10 installation contract includes the cost of uninstalling and
11 reinstalling the solar energy system if it is installed on the
12 customer's roof and the roof must be replaced or repaired at a future
13 date. If the contract does not include the future cost of
14 uninstalling and reinstalling the solar energy system to be installed
15 on the customer's roof, the contract must include the following
16 notice which must be initialed by the customer acknowledging they
17 have read and understand the notice provision:

18 "Before you need to repair or replace your roof, review the
19 warranties included in your solar energy installation contract to
20 ensure you comply with them. You will be responsible for all costs
21 and work needed to uninstall and reinstall the solar energy system
22 and interconnect it with your utility company.";

23 (t) The following notice which must be initialed by the customer
24 acknowledging they have read and understand the notice provision:

25 "If you are a residential customer, you must have sufficient tax
26 liability to utilize the residential clean energy credit. You will
27 not receive these funds directly; you can only offset the taxes that
28 you owe to the federal government. IF YOU ARE PARTICIPATING IN
29 GOVERNMENT ASSISTANCE PROGRAMS OR ARE ON A FIXED INCOME, YOU MAY NOT
30 BE ELIGIBLE FOR THIS TAX CREDIT. The cost of roof repairs should not
31 be included in calculating the tax credit. It is recommended that you
32 consult a tax attorney if you are relying on the tax credit to afford
33 the cost of the solar energy installation.";

34 (u) A copy of the internal revenue service's current revision of
35 form 5695 instructions for residential clean energy credit (part I)
36 qualified solar electric property costs;

37 (v) A statement that it is the solar energy contractor's
38 responsibility to install the system per manufacturer instructions,
39 in compliance with the national electric code as enforced by the

1 local jurisdiction, in compliance with local building codes, and in
2 compliance with the applicable utility's interconnection standards;

3 (w) A copy of, or the uniform resource locator to, the applicable
4 electric utility's interconnection application;

5 (x) A statement documenting which party is responsible for
6 obtaining permission to operate from the utility;

7 (y) A statement that the addition of a solar energy system may
8 affect the value of the structure as determined by the county
9 assessor and any change in value may be reflected in annual property
10 taxes; and

11 (z) The following statement which may be omitted if the solar
12 energy system includes energy storage equipment and/or power
13 conversion and control technologies designed and installed to provide
14 backup power during a grid outage:

15 "A solar energy system will automatically disconnect the solar
16 energy system from the utility grid in the event of a power outage to
17 protect utility repair personnel from a risk of electric shock from
18 the electricity that could otherwise flow into the utility
19 distribution system from the solar energy system and that if this
20 occurs, THE SOLAR ENERGY SYSTEM WILL NOT PROVIDE ANY ELECTRICITY TO
21 THE CUSTOMER DURING THE POWER OUTAGE."

22 (5) If a customer exercises the rescission rights described in
23 subsection (4)(r) of this section, the solar energy contractor may
24 not enforce the terms of the contract against the customer, including
25 claims for labor or materials, and must terminate any security
26 interest or release any statutory lien created under the transaction
27 within 20 days of receiving written rescission of the contract from
28 the customer. If a customer exercises the rescission rights via email
29 or a certified letter postmarked within the three-day window to the
30 contacts listed in the solar energy installation contract, even if
31 the solar energy contractor or solar energy salesperson has not
32 responded, the solar energy contractor is prohibited from enforcing
33 the terms of the contract and must not charge any cancellation fees.

34 (6) No payments of any type may be charged by a solar energy
35 salesperson or a solar energy contractor before a customer's
36 rescission rights have expired. Nothing in this section requires a
37 solar energy contractor to commence performance or order equipment or
38 materials until the close of the three-day rescission window.

39 (7) The interconnection application for the solar energy system
40 must be approved by the applicable electric utility before the solar

1 energy contractor or the subcontractor begins installing the system.
2 Any solar energy system that is not approved by the applicable
3 electric utility must be modified to meet the utility's requirements
4 before the installation can proceed. The applicable electric utility
5 may waive this requirement for solar energy contractors that are
6 certified by the electric utility.

7 (8) It is the solar energy contractor's responsibility to notify
8 the applicable electric utility of any equipment or design changes
9 that occur during the performance of the solar energy installation
10 contract.

11 (9) If the scope of work in the solar energy installation
12 contract includes any type of roofing work, the solar energy
13 contractor shall provide the customer separate invoices for the
14 roofing work, and the solar energy installation contract must
15 separately itemize and identify the cost of roofing tear-off and
16 replacement.

17 (10) A person, firm, partnership, corporation, or other entity
18 which purchases or is otherwise assigned a solar energy installation
19 contract is subject to all claims and defenses with respect to the
20 contract that the customer could assert against the solar energy
21 contractor. A person, firm, partnership, corporation, or other entity
22 which sells or otherwise assigns a solar energy installation contract
23 must include a prominent notice of the potential liability under this
24 section.

25 (11) A solar energy contractor or solar energy salesperson who
26 fails to substantially comply with the requirements of this chapter
27 is liable to the customer for any actual damages sustained by the
28 customer as a result of the failure. Nothing in this section limits
29 any cause of action or remedy available under chapter 19.86 RCW.

30 NEW SECTION. **Sec. 4.** No person may solicit using any statement
31 or representation with regard to the costs, financing, terms, or
32 conditions of purchase or installation of residential or commercial
33 solar energy systems that is deceptive.

34 NEW SECTION. **Sec. 5.** The legislature finds that the practices
35 covered by this chapter are matters vitally affecting the public
36 interest for the purpose of applying the consumer protection act,
37 chapter 19.86 RCW. A violation of this chapter is not reasonable in
38 relation to the development and preservation of business and is an

1 unfair or deceptive act in trade or commerce and an unfair method of
2 competition for purposes of applying the consumer protection act as
3 set forth under chapter 19.86 RCW.

4 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act
5 constitute a new chapter in Title 19 RCW.

Passed by the House February 8, 2024.
Passed by the Senate February 27, 2024.
Approved by the Governor March 28, 2024.
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