



DCU BULLETIN
Division of Credit Unions
Washington State Department of Financial Institutions
Phone: (360) 902-8701

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Solar Consumer Protection, SHB 2156

During the 2024 legislative session the Washington State Legislature passed [SHB 2156 Solar Consumer Protection](#). The new law, effective June 6, 2024, establishes consumer protection measures that apply to solar energy systems providers and contracts. Although the law does not directly apply to credit unions, credit unions which engage in lending to solar power providers or for solar power installation should be aware of these consumer protection standards.

SHB 2156 applies to several aspects of solar energy systems business dealings including licensing, contracting, notice to utilities, assignment of contracts, and remedies.

Credit unions which provide loans to consumers for solar energy installation or to solar energy systems providers should review, and update as needed, their indirect lender and third-party vendor due diligence procedures to ensure they comply with these new consumer protection requirements.

Licensing Requirements

The new law requires persons and entities engaging in residential or commercial solar energy systems business transactions (in excess of \$1,000) to be either: a licensed electrical contractor, an architect, or an engineer. A [contractor verification tool](#) is available on the Washington State Department of Labor and Industries website.

Utility Interconnection Approval

Before installation of a solar energy system, an electric utility company must approve the interconnection application. The installation contract must document which party is responsible for obtaining approval from the utility. The utility can waive this requirement for contractors certified by the utility.

Solar Energy Installation Contract Requirements

The largest section of the new law pertains to requirements for solar energy installation contracts. Contracts must be written and provided to the customer at the time of signing. The contracts must contain specifics about financing and costs, equipment, estimates, contractor verification, acknowledgments, and separate invoices for residential customers when roofing is involved.

Certain costs and financial disclosures must be included in contracts for solar energy installation. The contract must include:

- The total dollar amount of the contract.
- The “cost per watt,” calculated as the total contract amount, including labor and materials, for installing the solar energy system divided by the total direct current nameplate rating of the solar array.
- A detailed payment schedule based on projected completion milestones that explains when costs are due, the customer's right to cancel, and identifies cancellation fees due at each milestone.
- Any ongoing operations and maintenance costs that are included in the contract.
- A statement, initialed by the customer, regarding financing and a recommendation to confirm loan approval before signing a contract.
- A statement explaining whether the contract includes the cost of uninstalling and reinstalling the system if it is installed on the customer's roof and the roof must be replaced or repaired at a future date. If the contract does not include uninstalling and reinstalling the system, it must include a notice initialed and acknowledged by the customer.

Contracts must also include statements regarding utility grid connection, documenting which party is responsible for obtaining permission to operate from the utility, and acknowledging that a structure's value may be affected by solar energy system installation. Statements, initialed by the customer, informing the customer of their right to cancel and providing information about the residential clean energy tax credit, must also be included.

SHB 2156 includes other specific provisions that must be included in solar energy installation contracts pertaining to equipment used, descriptions of work performed, warranty disclosures, estimates for system maintenance and electric bill savings, and information regarding tax credits, contractor verification, sales contacts, and access to the utility interconnection application.

Other Provisions

SHB 2156 also articulates the customer's right to cancel, liability arising from transferring the contract, and consumer protection violations and remedies.

The Division of Credit Unions has noted concerns related to solar energy system lending during past examinations and has received consumer complaints about solar lending. These lending problems have compliance and reputation risk implications for credit unions and can lead to loss of collateral and harm to consumers.

Credit unions should ensure adequate due diligence is performed on installation contracts and solar energy system providers with which the credit union has an ongoing relationship. Credit unions may choose to check on solar energy providers with which they have a less frequent relationship. SHB 2156 provides a basis for credit unions providing solar energy lending to evaluate solar providers' business practices and compliance with industry specific consumer protection standards.

If you have any questions or would like more information, please contact the Division of Credit Unions at dcu@dfi.wa.gov or (360) 902-8701.