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Connecticut General Assembly
300 Capitol Avenue
Hartford, CT 06106

RE: Raised Bill No. 1141: An Act Concerning Net Metering

To whom it may Concern:

Greenskies Renewable Energy LLC, a Middletown, CT-based solar integration company, would like to express its support for Raised Bill No. 1141 with this letter. It is critical for governments and regulatory bodies to recognize that the deployment of renewable energy requires a combination of temporary financial incentives and the modernization of regulatory instruments. Commonly, we spend so much time focusing on the financial incentive programs; we lose focus on other critical issues that deserve attention. Virtual Net Metering is one of the regulatory issues that help optimize the financial incentives so that every dollar spent by Connecticut rate payers is spent in the most cost effective manner.

Larger Solar Projects Produce More Renewable Electricity and Require Fewer Subsidies

Virtual Net Metering is critical for the widespread deployment of solar energy because the economics of a solar development project work better when projects are larger. The economy of scale has a major impact on the overall value proposition of a deal, the benefits to electrical ratepayers and the amount of required subsidies to support solar projects. The larger the solar project, the less ratepayer assistance is required to help support the project on a Levelized Cost of Electricity basis (incentive cost per kWh produced). Large projects require a lot of space, and often times, the best projects are too large for a commercial rooftop and are better suited for ground spaces like capped landfills, brown fields or dormant farmland.

Larger Solar Projects Require Virtual Net Metering Because They Produce More Electricity than What Can Be Consumed Onsite

The problem with developing large-scale projects is that the energy must be purchased by someone in order to make a deal financeable which eliminates landfills, brown fields and dormant farmland since those pieces of real estate have small electricity needs.

There Is No Need to Limit the Number of Virtually Net-Metered Recipients to 5 as the Bill Suggests

In many cases, especially for municipal projects in MA, we have seen scenarios where a landfill project will be used to create electricity to be used by the municipality. The municipality provides the landfill to the solar developer who finances, designs, constructs, monitors and maintains the facility in exchange for significantly

reduced solar electric rates. We have been involved with projects where municipalities realized great than $250,000 annual savings. In most of these cases the electricity from the landfill must be virtually net metered to all of the municipal meters which will always exceed 5. The water treatment center, 5 or more schools, street lighting, fire station, police station, town hall, etc. each have their own meter – the greatest savings and the most cost effective solar electricity can only be achieved by fully utilizing large ground spaces, but it often required more than 5 meters to utilize all of the electricity generated.

It Doesn't Matter if the "Virtual Net Metered Facility" is Owned by the Party That Owns the Solar Plant – This Clause Severely Limits the Usefulness of the Policy

This clause is extremely prohibiting due to the financial metrics that comprise a solar deal. Non-Profit Organizations, local, municipal and state governments make the worst candidates to own solar facilities even though they make the best host customers. This is because those entities cannot utilize the tax benefits that make solar investments attractive for investors. So, in most scenarios, the municipality, for example, would sign a Power Purchase Agreement with a third party financier who puts up the capital needed to construct the facility and collects the electrical revenues for 10-20 years from the municipality to make a profit. The current language in the policy would prohibit this scenario from playing out because the municipality, in this case, may be the Beneficial Account, but not be the owner of the Virtual Net Metering Facility. In fact, the municipality may be purchasing discounted solar electricity from a Virtual Net Metered Facility constructed on a property they do not own as well. Prohibiting this type of deal structure does not benefit anyone and limits the potential of the policy and any policy that creates financial incentives for project development.

100% of the Electricity Produced by a Renewable Energy Facility Should Be Allowed to be Virtually Net Metered

Again – this language only serves to limit the effectiveness of the policy to no one's benefit. There are other deal structures that may benefit a large number of Connecticut ratepayers that do not work with this language. For example, solar developers may lease roof space to construct a project and sell the electricity to an unrelated third party – this structure is especially useful when developing warehouse and parking lot structures because the electrical demand is greater than the electricity needed onsite. Under this scenario, all of the electricity is to be sold offsite because the customer Host is receiving rental fees for their roof space in lieu of discounted electricity. There's no reason to legislate against this type of structure when it turns vacant roofs into a revenue stream and allows large-scale, cost-effective solar projects to be constructed.

Thank you for your time in considering this testimony as you consider the passage of this important piece of legislation.

Sincerely,

Michael Silvestrini, President