



THE
Vote Solar
INITIATIVE

**Connecticut General Assembly
Before the Joint Committee on Energy and Technology**

**Written Testimony of The Vote Solar Initiative
Regarding HB 5412 – An Act Concerning Shared Clean Energy Facilities**

**Hannah Masterjohn, Director of New Markets
March 4, 2014**

RECOMMENDED ACTION: Support

Co-Chairs Senator Duff and Representative Reed:

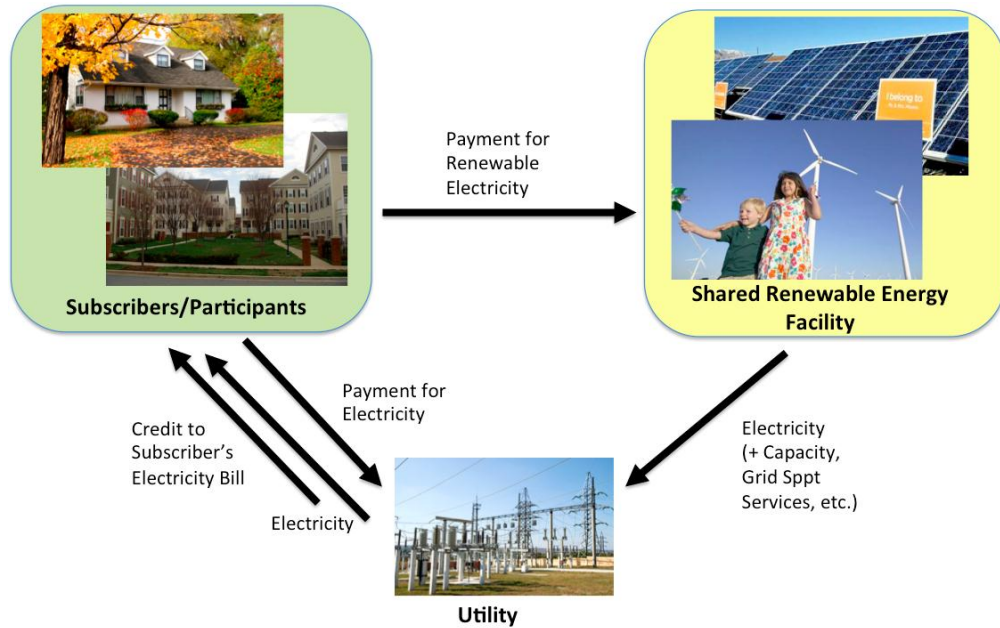
I am here today to testify in support of House Bill 5412. This bill will give access to clean energy to all Connecticut energy customers, including the approximately 80% of customers who currently are unable to put solar on their own property. This bill creates no new subsidies, and will not raise rates for non-participating ratepayers. It *will* unlock millions of dollars in new private investment in clean energy in this state by connecting the significant pent up demand for solar energy with companies willing to develop local clean energy projects. This will help the state meet its clean energy goals faster and at lower cost.

About Vote Solar: The Vote Solar Initiative (Vote Solar) is a non-profit, non-partisan grassroots organization with members throughout the U.S. including thousands in Connecticut. Vote Solar aims to foster economic opportunity and support a cleaner, healthier environment by bringing solar energy into the mainstream. Since 2002, Vote Solar has worked in more than 20 states to remove market barriers and implement key policies needed to bring solar to scale. We have played a leadership role on shared clean energy programs across the country, and, along with the Interstate Renewable Energy Council, have published Model Rules for Shared Renewable Energy programs.

Shared Clean Energy gives ALL customers access to clean energy

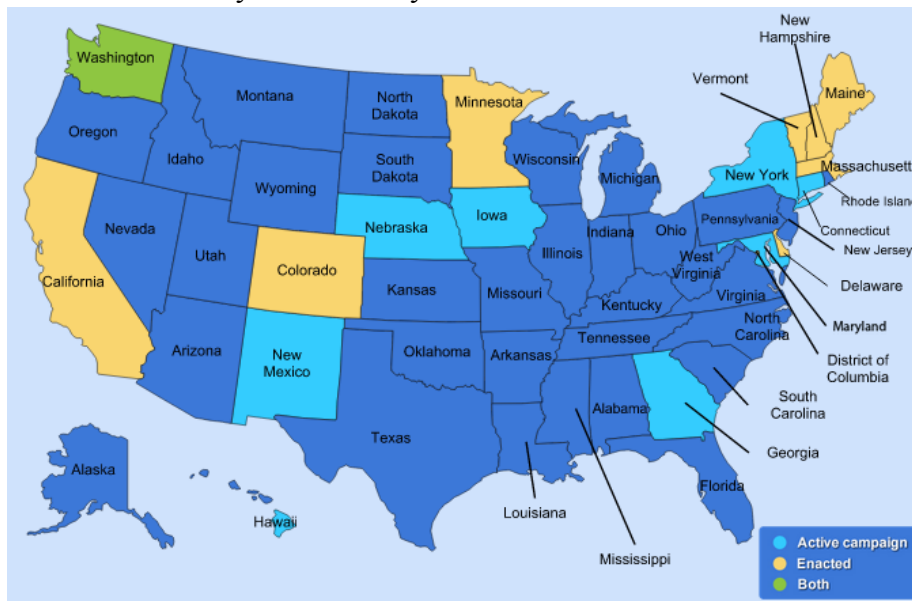
- 80% of energy customers can't put solar on their property, either because they rent their home or business space, they live in an apartment or condo building, their roof is shaded or otherwise not suitable for solar, or they are unable to qualify for financing needed to install renewable energy onsite.
- This is how shared clean energy works (see graphic on next page): Customers sign up to participate in a local clean energy facility. They pay a fee, maybe upfront, maybe monthly depending on the business model, to the manager of that facility, in order to get a portion of the clean energy from the facility. The shared clean energy facility sends its power to the utility for free. The customer continues to receive their standard utility bill for the electricity they consume, but that bill will now show a credit for that customer's portion of the output

from the shared facility. So the customer can save money on their utility bills, hedge against rising electricity rates, and know that they're directly supporting local clean energy development.



Customers are benefiting from Shared Clean Energy programs in 10 other states

- The following states have enacted shared clean energy legislation: California, Colorado, DC, Delaware, Maine, Massachusetts, Minnesota, New Hampshire, Vermont, Washington. Vote Solar worked with stakeholders in 5 of these states to craft the legislation, and we have drawn from the lessons learned in these other states to recommend best practices for inclusion in the bill before you here today.



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Shared Clean Energy benefits ALL ratepayers

- HB 5412 proposes to credit the energy produced by a shared clean energy system to the subscribers of that system at the full retail rate. This makes sense because, if you think about what actually happens to the electricity coming from the shared facility, it goes on the grid and flows into the homes and businesses right next door – wherever the closest electricity demand is. That customer next door pays the utility full retail rate for that electricity. So, it makes sense that the utility should then credit the subscriber at full retail rate. However, crediting renewable energy at retail rate sometimes raises concerns related to cost shifts from participants in the renewable energy project to non-participating customers.
- At the root of these concerns is a question of whether the value of the energy to the utility, the utility's customers and society at large is less than what the utility is providing the customer in a bill credit. While this is a legitimate question to ask, it is important that it be addressed with data or research on the matter the same as any other technical issue in public utility rates and policy. Vote Solar is aware of numerous studies that have shown that the value of solar energy is greater than the bill credit provided to participants in state-level solar energy programs (see footnotes 1,2,3,4,5).
- We believe these studies provide comfort to stakeholders in Connecticut that the value being received by the utility, utility customers and society is greater than the bill credit being provided by the utility to customers participating in a shared renewables facility. However, as a backstop, this bill provides a path for PURA to adjust the bill credit as it deems appropriate to ensure the program does not raise rates for non-participating ratepayers.
- We are looking at a busy 5-10 years coming up in the electric industry as century old utility companies scramble to adapt to rapidly emerging distributed generation technologies. We expect that Connecticut, like many other states, will see a series of studies, rulemakings, and legislation take place over the coming years to ensure proper valuation of distributed generation. The program proposed in HB 5412 is designed to grow and adapt to those new market rules as they are established. But in the meantime, there is no reason to prevent 80% of CT customers from participating in the clean energy market – I urge you to act now to give all CT customers the ability to choose clean energy.

Conclusion

We encourage the Committee to pass House Bill 5412 to give all Connecticut residents access to clean energy. Thank you.

Hannah Masterjohn, Vote Solar

1 Clean Power Research, *Energy and Capacity Valuation of Photovoltaic Power Generation in New York*, available at: <http://www.asrc.cestm.albany.edu/perez/publications/Utility%20Peak%20Shaving%20and%20Capacity%20Credit/Papers%20on%20PV%20Load%20Matching%20and%20Economic%20Evaluation/Energy%20Capacity%20Valuation-08.pdf>

2 RW Beck for Arizona Public Service, available at: <http://files.meetup.com/1073632/RW-Beck-Report.pdf>

3 Austin Energy and Clean Power Research, *Designing Austin Energy's Solar Tariff*, available at:

http://www.cleanpower.com/wp-content/uploads/090_DesigningAustinEnergySolarTariff.pdf. Also, *2014 Value of Solar at Austin Energy*, available at: <http://www.austintexas.gov/edims/document.cfm?id=199131>.

4 Vermont Public Service Board, *Evaluation of Net Metering*, available at:

http://publicservice.vermont.gov/sites/psd/files/Topics/Renewable_Energy/Net_Metering/Act%20125%20Study%2020130115%20Final.pdf.

5 Crossborder Energy's evaluation of net metering in California, available at: <http://votesolar.org/wp-content/uploads/2013/01/Crossborder-Energy-CA-Net-Metering-Cost-Benefit-Jan-2013-final.pdf>.

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