



House Bill No. 6838

Public Act No. 15-194

AN ACT CONCERNING THE ENCOURAGEMENT OF LOCAL ECONOMIC DEVELOPMENT AND ACCESS TO RESIDENTIAL RENEWABLE ENERGY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-245ff of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section and section 16-245gg, as amended by this act:

(1) "Performance-based incentive" means an incentive paid out on a per kilowatt-hour basis.

(2) "Expected performance-based buydown" means an incentive paid out as a one-time upfront incentive based on expected system performance.

(3) "Qualifying residential solar photovoltaic system" means a solar photovoltaic project that receives funding from the Connecticut Green Bank, is certified by the authority as a Class I renewable energy source, as defined in subsection (a) of section 16-1, emits no pollutants, is less than twenty kilowatts in size, is located on the customer-side of the revenue meter of one-to-four family homes and serves the distribution

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system of an electric distribution company.

(4) "Solar home renewable energy credit" means a Class I renewable energy credit created by the production of one megawatt hour of electricity generated by one or more qualifying residential solar photovoltaic systems with an approved incentive from the Connecticut Green Bank on or after January 1, 2015.

[(a)] (b) The Connecticut Green Bank established pursuant to section 16-245n shall structure and implement a residential solar investment program established pursuant to this section, which shall [result in a minimum of thirty] support the deployment of not more than three hundred megawatts of new residential solar photovoltaic installations located in this state on or before (1) December 31, 2022, [the annual] or (2) the deployment of three hundred megawatts of residential solar photovoltaic installation, in the aggregate, whichever occurs sooner, provided the bank does not approve direct financial incentives under this section for more than one hundred megawatts of new qualifying residential solar photovoltaic systems, in the aggregate, between the date of passage of this act and April 1, 2016. The procurement and cost of [which] such program shall be determined by the bank [and the cost of which shall not exceed one-third of the total surcharge collected annually pursuant to said] in accordance with this section. [16-245n.]

[(b)] (c) The Connecticut Green Bank shall offer direct financial incentives, in the form of performance-based incentives or expected performance-based buydowns, for the purchase or lease of qualifying residential solar photovoltaic systems until the earlier of the following: (1) December 31, 2022, or (2) the deployment of three hundred megawatts, in the aggregate, of residential solar photovoltaic installation. [For the purposes of this section, "performance-based incentives" means incentives paid out on a per kilowatt-hour basis, and "expected performance-based buydowns" means incentives paid out as a one-time upfront incentive based on expected system

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performance.] The bank shall consider willingness to pay studies and verified solar photovoltaic system characteristics, such as operational efficiency, size, location, shading and orientation, when determining the type and amount of incentive. Notwithstanding the provisions of subdivision (1) of subsection (h) of section 16-244c, the amount of renewable energy produced from Class I renewable energy sources receiving tariff payments or included in utility rates under this section shall be applied to reduce the electric distribution company's Class I renewable energy source portfolio standard [. Customers who receive expected performance-based buydowns under this section shall not be eligible for a credit pursuant to section 16-243h] until the Public Utilities Regulatory Authority approves the master purchase agreement pursuant to subsection (e) of section 16-245gg, as amended by this act.

[(c)] (d) [Beginning with the comprehensive plan covering the period from July 1, 2011, to June 30, 2013, the] The Connecticut Green Bank shall develop and publish [in each such plan] on its Internet web site a proposed schedule for the offering of performance-based incentives or expected performance-based buydowns over the duration of any such solar incentive program. Such schedule shall: (1) Provide for a series of solar capacity blocks the combined total of which shall be a [minimum] maximum of [thirty] three hundred megawatts and projected incentive levels for each such block; (2) provide incentives that are sufficient to meet reasonable payback expectations of the residential consumer and provide such consumer with a competitive electricity price, taking into consideration the estimated cost of residential solar installations, the value of the energy offset by the system, the cost of financing the system, and the availability and estimated value of other incentives, including, but not limited to, federal and state tax incentives and revenues from the sale of solar home renewable energy credits; (3) provide incentives that decline over time and will foster the sustained, orderly development of

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a state-based solar industry; (4) automatically adjust to the next block once the board has issued reservations for financial incentives provided pursuant to this section from the board fully committing the target solar capacity and available incentives in that block; and (5) provide comparable economic incentives for the purchase or lease of qualifying residential solar photovoltaic systems. The [bank] Connecticut Green Bank may retain the services of a third-party entity with expertise in the area of solar energy program design to assist in the development of the incentive schedule or schedules. The Department of Energy and Environmental Protection shall review and approve such schedule. Nothing in this subsection shall restrict the [bank] Connecticut Green Bank from modifying the approved incentive schedule [before the issuance of its next comprehensive plan] to account for changes in federal or state law or regulation or developments in the solar market when such changes would affect the expected return on investment for a typical residential solar photovoltaic system by [twenty] ten per cent or more. Any such modification shall be subject to review and approval by the department.

[(d)] (e) The Connecticut Green Bank shall establish and periodically update program guidelines, including, but not limited to, requirements for systems and program participants related to: (1) Eligibility criteria; (2) standards for deployment of energy efficient equipment or building practices as a condition for receiving incentive funding; (3) procedures to provide reasonable assurance that such reservations are made and incentives are paid out only to qualifying residential solar photovoltaic systems demonstrating a high likelihood of being installed and operated as indicated in application materials; and (4) reasonable protocols for the measurement and verification of energy production.

[(e)] (f) The Connecticut Green Bank shall maintain on its Internet web site the schedule of incentives, solar capacity remaining in the

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current block and available funding and incentive estimators.

[(f)] (g) Funding for the residential [performance-based incentive program and expected performance-based buydowns shall be apportioned from] solar investment program (1) may include up to one-third of the moneys collected annually under the surcharge specified in section 16-245n; [provided such apportionment shall not exceed one-third of the total surcharge collected annually,] (2) shall include all of the revenue from the solar home renewable energy credit program; and (3) may be supplemented by federal funding as may become available.

[(g)] (h) The Connecticut Green Bank shall identify barriers to the development of a permanent Connecticut-based solar workforce and shall make provision for comprehensive training, accreditation and certification programs through institutions and individuals accredited and certified to national standards.

(i) The Public Utilities Regulatory Authority shall provide an additional incentive of up to five per cent of the then-applicable incentive provided pursuant to this section for the use of major system components manufactured or assembled in Connecticut, and another additional incentive of up to five per cent of the then-applicable incentive provided pursuant to this section for the use of major system components manufactured or assembled in a distressed municipality, as defined in section 32-9p, or a targeted investment community, as defined in section 32-222.

[(h)] (j) On or before January 1, [2014] 2017, and every two years thereafter for the duration of the program, the Connecticut Green Bank shall report to the joint standing committee of the General Assembly having cognizance of matters relating to energy on progress toward the goals identified in subsection [(a)] (b) of this section.

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Sec. 2. Section 16-245gg of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[The Public Utilities Regulatory Authority shall provide an additional incentive of up to five per cent of the then-applicable incentive provided pursuant to section 16-245ff for the use of major system components manufactured or assembled in Connecticut, and another additional incentive of up to five per cent of the then-applicable incentive provided pursuant to section 16-245ff for the use of major system components manufactured or assembled in a distressed municipality, as defined in section 32-9p, or a targeted investment community, as defined in section 32-222.]

(a) Not later than one hundred eighty days after July 1, 2015, the Connecticut Green Bank shall negotiate and develop a master purchase agreement with each electric distribution company. Each such agreement shall have a term of fifteen years, and require the electric distribution company to purchase solar home renewable energy credits produced by qualifying residential solar photovoltaic systems. Each electric distribution company's obligation to purchase solar home renewable energy credits produced by qualifying residential solar photovoltaic systems begins on the date that the Public Utilities Regulatory Authority approves the master purchase agreement pursuant to subsection (e) of this section and expires on December 31, 2022.

(b) Solar home renewable energy credits shall be owned by the Connecticut Green Bank, until transferred to an electric distribution company pursuant to a master purchase agreement in accordance with subsection (a) of this section. A solar home renewable energy credit shall have an effective life covering the year of its production and the following calendar year. The obligation of the electric distribution companies to purchase solar home renewable energy credits pursuant to the master purchase agreement shall be apportioned to electric

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distribution companies based on their respective distribution system loads at the commencement of the master purchase agreement period, as determined by the authority.

(c) Notwithstanding subdivision (1) of subsection (h) of section 16-244c, an electric distribution company may retire the solar home renewable energy credits it procures through the master purchase agreement to satisfy its obligation pursuant to section 16-245a or such company may resell such renewable energy credits, with the proceeds from resale to be netted against contract costs.

(d) To develop a master purchase agreement, the Connecticut Green Bank and an electric distribution company shall negotiate in good faith the final terms of the draft master purchase agreement. Thirty days after the date negotiations commence, either the Connecticut Green Bank or an electric distribution company may initiate a docket proceeding before the Public Utilities Regulatory Authority to resolve any outstanding issues pertaining to the master purchase agreement.

(e) Upon completion of negotiations on a master purchase agreement the Connecticut Green Bank and the electric distribution company shall not later than January 1, 2016, jointly file, with the authority, an application for approval of the agreement by the authority. No such master purchase agreement may become effective without approval of the authority. The authority shall hold a contested case, in accordance with the provisions of chapter 54, to approve, reject or modify an application for approval of the master purchase agreement.

(f) The purchase price of solar home renewable energy credits shall be determined by the Connecticut Green Bank, and such purchase price shall decline over time commensurate with the schedule of declining performance-based incentives and expected performance-based buydowns. Such purchase price shall not exceed the lesser of

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either (1) the price of small zero-emission renewable energy credit projects for the preceding year, or (2) five dollars less per renewable energy credit than the alternative compliance payment pursuant to subsection (k) of section 16-245. Any customer of an electric distribution company that is eligible for the residential solar investment program shall not be eligible for small zero-emission renewable energy credits pursuant to section 16-244s.

(g) The electric distribution companies' costs associated with complying with this section shall be recoverable on a timely basis through a fully reconciling, nonbypassable rate component. Nothing in this section shall preclude the resale or other disposition of energy or associated renewable energy credits purchased by an electric distribution company, provided the electric distribution company shall net the cost of payments made to projects under the master purchase agreement against the proceeds of the sale of energy or renewable energy credits and the difference shall be credited or charged to electric distribution company customers through a reconciling component of electric rates as determined by the authority that is nonbypassable when switching electric suppliers.

(h) Each electric distribution company shall annually file with the authority an accounting of all costs and fees incurred by such electric distribution company while complying with the master purchase agreement.

(i) Any certificates issued by the New England Power Pool Generation Information System for Class I renewable energy credits produced by a qualifying residential solar photovoltaic system after the electric distribution company obligation, pursuant to subsections (a) and (b) of this section, to purchase solar home renewable energy credits from such system expires shall be transferred from the Connecticut Green Bank to the electric distribution company that services the area where such residential solar photovoltaic system is

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located. The electric distribution company shall either (1) resell such credits into the New England Power Pool Generation Information System renewable energy credit market, to be used by any electric supplier or electric distribution company to meet the requirements of section 16-245a, so long as the revenues from such sale are credited to the electric distribution company's customers, or (2) retain such certificates to meet such company's requirements under section 16-245a. In considering whether to sell or retain such certificates, the company shall select the option that is in the best interest of such company's ratepayers.

Sec. 3. (NEW) (*Effective October 1, 2015*) (a) As used in this section:

(1) "Residential solar photovoltaic system" means equipment and devices that have the primary purpose of collecting solar energy and generating electricity by photovoltaic effect, have a nameplate capacity rating of twelve kilowatts or less, are installed on the roof of a single-family home and conform to the Connecticut State Building Code;

(2) "Municipality" means any town, city, borough, consolidated town and city or consolidated town and borough;

(3) "Electronic submission" means the act of a permit applicant who submits his or her completed application to a municipality for review by means of electronic mail, facsimile or electronic application available on a municipality's Internet web site.

(b) Not later than January 1, 2016, each municipality shall incorporate residential solar photovoltaic systems in its building permit application process or utilize a residential solar photovoltaic system permit application supplement. Each municipality may (1) develop and post on the municipality's Internet web site a permit application for the installation of a residential solar photovoltaic system, (2) allow for electronic submission of such application, and (3)

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exempt such system from payment of permit fees pursuant to subsection (c) of section 29-263 of the general statutes.

(c) Not more than thirty days after receipt of a permit application, a municipality shall inform such permit applicant whether such application is approved or disapproved.

(d) In conducting inspections of work completed pursuant to a residential solar photovoltaic system permit, a local building official may use additional resources as described in the International Residential Code portion of the Connecticut State Building Code. Inspections shall be performed pursuant to said International Residential Code portion of the Connecticut State Building Code.

(e) Nothing in this section shall authorize any person to cause any home or structure located within a historic district established pursuant to section 7-147b of the general statutes to be altered, as defined in section 7-147a of the general statutes.

(f) Not later than December 1, 2015, the Connecticut Green Bank, in consultation with the office of the State Building Inspector, shall plan, implement and host five residential solar photovoltaic system permit training seminars, in different municipalities for the purpose of providing guidance and information to municipal officials developing a permitting process in accordance with this section. The Connecticut Green Bank may consult with the Connecticut Conference of Municipalities, the Connecticut Council of Small Towns, the Renewable Energy and Efficiency Business Association and any other organization or representative of such organization in the planning and implementation of the training seminars.

Approved July 2, 2015