



General Assembly

Amendment

January Session, 2015

LCO No. 8502



Offered by:

REP. REED, 102nd Dist.
SEN. LOONEY, 11th Dist.
REP. SHARKEY, 88th Dist.
SEN. DOYLE, 9th Dist.

REP. ACKERT, 8th Dist.
SEN. FORMICA, 20th Dist.
REP. HOYDICK, 120th Dist.

To: House Bill No. 6838

File No. 526

Cal. No. 332

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

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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 Section 16-245ff of the general statutes is repealed and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

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

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

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

11 performance.

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

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

24 [(a)] (b) The Connecticut Green Bank established pursuant to section
25 16-245n shall structure and implement a residential solar investment
26 program established pursuant to this section, which shall [result in a
27 minimum of thirty] support the deployment of not more than three
28 hundred megawatts of new residential solar photovoltaic installations
29 located in this state on or before (1) December 31, 2022, [the annual] or
30 (2) the deployment of three hundred megawatts of residential solar
31 photovoltaic installation, in the aggregate, whichever occurs sooner,
32 provided the bank does not approve direct financial incentives under
33 this section for more than one hundred megawatts of new qualifying
34 residential solar photovoltaic systems, in the aggregate, between the
35 date of passage of this act and April 1, 2016. The procurement and cost
36 of [which] such program shall be determined by the bank [and the cost
37 of which shall not exceed one-third of the total surcharge collected
38 annually pursuant to said] in accordance with this section. [16-245n.]

39 [(b)] (c) The Connecticut Green Bank shall offer direct financial
40 incentives, in the form of performance-based incentives or expected
41 performance-based buydowns, for the purchase or lease of qualifying
42 residential solar photovoltaic systems until the earlier of the following:

43 (1) December 31, 2022, or (2) the deployment of three hundred
44 megawatts, in the aggregate, of residential solar photovoltaic
45 installation. [For the purposes of this section, "performance-based
46 incentives" means incentives paid out on a per kilowatt-hour basis,
47 and "expected performance-based buydowns" means incentives paid
48 out as a one-time upfront incentive based on expected system
49 performance.] The bank shall consider willingness to pay studies and
50 verified solar photovoltaic system characteristics, such as operational
51 efficiency, size, location, shading and orientation, when determining
52 the type and amount of incentive. Notwithstanding the provisions of
53 subdivision (1) of subsection (h) of section 16-244c, the amount of
54 renewable energy produced from Class I renewable energy sources
55 receiving tariff payments or included in utility rates under this section
56 shall be applied to reduce the electric distribution company's Class I
57 renewable energy source portfolio standard [. Customers who receive
58 expected performance-based buydowns under this section shall not be
59 eligible for a credit pursuant to section 16-243h] until the Public
60 Utilities Regulatory Authority approves the master purchase
61 agreement pursuant to subsection (e) of section 16-245gg, as amended
62 by this act.

63 [(c)] (d) [Beginning with the comprehensive plan covering the
64 period from July 1, 2011, to June 30, 2013, the] The Connecticut Green
65 Bank shall develop and publish [in each such plan] on its Internet web
66 site a proposed schedule for the offering of performance-based
67 incentives or expected performance-based buydowns over the
68 duration of any such solar incentive program. Such schedule shall: (1)
69 Provide for a series of solar capacity blocks the combined total of
70 which shall be a [minimum] maximum of [thirty] three hundred
71 megawatts and projected incentive levels for each such block; (2)
72 provide incentives that are sufficient to meet reasonable payback
73 expectations of the residential consumer and provide such consumer
74 with a competitive electricity price, taking into consideration the
75 estimated cost of residential solar installations, the value of the energy
76 offset by the system, the cost of financing the system, and the

77 availability and estimated value of other incentives, including, but not
78 limited to, federal and state tax incentives and revenues from the sale
79 of solar home renewable energy credits; (3) provide incentives that
80 decline over time and will foster the sustained, orderly development of
81 a state-based solar industry; (4) automatically adjust to the next block
82 once the board has issued reservations for financial incentives
83 provided pursuant to this section from the board fully committing the
84 target solar capacity and available incentives in that block; and (5)
85 provide comparable economic incentives for the purchase or lease of
86 qualifying residential solar photovoltaic systems. The [bank]
87 Connecticut Green Bank may retain the services of a third-party entity
88 with expertise in the area of solar energy program design to assist in
89 the development of the incentive schedule or schedules. The
90 Department of Energy and Environmental Protection shall review and
91 approve such schedule. Nothing in this subsection shall restrict the
92 [bank] Connecticut Green Bank from modifying the approved
93 incentive schedule [before the issuance of its next comprehensive plan]
94 to account for changes in federal or state law or regulation or
95 developments in the solar market when such changes would affect the
96 expected return on investment for a typical residential solar
97 photovoltaic system by [twenty] ten per cent or more. Any such
98 modification shall be subject to review and approval by the
99 department.

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

110 [(e)] (f) The Connecticut Green Bank shall maintain on its Internet
111 web site the schedule of incentives, solar capacity remaining in the
112 current block and available funding and incentive estimators.

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

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

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

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

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

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

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

164 (b) Solar home renewable energy credits shall be owned by the
165 Connecticut Green Bank, until transferred to an electric distribution
166 company pursuant to a master purchase agreement in accordance with
167 subsection (a) of this section. A solar home renewable energy credit
168 shall have an effective life covering the year of its production and the
169 following calendar year. The obligation of the electric distribution
170 companies to purchase solar home renewable energy credits pursuant
171 to the master purchase agreement shall be apportioned to electric
172 distribution companies based on their respective distribution system
173 loads at the commencement of the master purchase agreement period,

174 as determined by the authority.

175 (c) Notwithstanding subdivision (1) of subsection (h) of section 16-
176 244c, an electric distribution company may retire the solar home
177 renewable energy credits it procures through the master purchase
178 agreement to satisfy its obligation pursuant to section 16-245a or such
179 company may resell such renewable energy credits, with the proceeds
180 from resale to be netted against contract costs.

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

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

197 (f) The purchase price of solar home renewable energy credits shall
198 be determined by the Connecticut Green Bank, and such purchase
199 price shall decline over time commensurate with the schedule of
200 declining performance-based incentives and expected performance-
201 based buydowns. Such purchase price shall not exceed the lesser of
202 either (1) the price of small zero-emission renewable energy credit
203 projects for the preceding year, or (2) five dollars less per renewable
204 energy credit than the alternative compliance payment pursuant to
205 subsection (k) of section 16-245. Any customer of an electric

206 distribution company that is eligible for the residential solar
207 investment program shall not be eligible for small zero-emission
208 renewable energy credits pursuant to section 16-244s.

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

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

225 (i) Any certificates issued by the New England Power Pool
226 Generation Information System for Class I renewable energy credits
227 produced by a qualifying residential solar photovoltaic system after
228 the electric distribution company obligation, pursuant to subsections
229 (a) and (b) of this section, to purchase solar home renewable energy
230 credits from such system expires shall be transferred from the
231 Connecticut Green Bank to the electric distribution company that
232 services the area where such residential solar photovoltaic system is
233 located. The electric distribution company shall either (1) resell such
234 credits into the New England Power Pool Generation Information
235 System renewable energy credit market, to be used by any electric
236 supplier or electric distribution company to meet the requirements of
237 section 16-245a, so long as the revenues from such sale are credited to
238 the electric distribution company's customers, or (2) retain such

239 certificates to meet such company's requirements under section 16-
240 245a. In considering whether to sell or retain such certificates, the
241 company shall select the option that is in the best interest of such
242 company's ratepayers.

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

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

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

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

255 (b) Not later than January 1, 2016, each municipality shall
256 incorporate residential solar photovoltaic systems in its building
257 permit application process or utilize a residential solar photovoltaic
258 system permit application supplement. Each municipality may (1)
259 develop and post on the municipality's Internet web site a permit
260 application for the installation of a residential solar photovoltaic
261 system, (2) allow for electronic submission of such application, and (3)
262 exempt such system from payment of permit fees pursuant to
263 subsection (c) of section 29-263 of the general statutes.

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

267 (d) In conducting inspections of work completed pursuant to a
268 residential solar photovoltaic system permit, a local building official

269 may use additional resources as described in the International
 270 Residential Code portion of the Connecticut State Building Code.
 271 Inspections shall be performed pursuant to said International
 272 Residential Code portion of the Connecticut State Building Code.

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-245ff
Sec. 2	<i>from passage</i>	16-245gg
Sec. 3	<i>October 1, 2015</i>	New section