



General Assembly

**Amendment**

January Session, 2015

LCO No. 8278



Offered by:

REP. REED, 102<sup>nd</sup> Dist.  
SEN. LOONEY, 11<sup>th</sup> Dist.  
REP. SHARKEY, 88<sup>th</sup> Dist.  
SEN. DOYLE, 9<sup>th</sup> Dist.

REP. ACKERT, 8<sup>th</sup> Dist.  
SEN. FORMICA, 20<sup>th</sup> Dist.  
REP. HOYDICK, 120<sup>th</sup> 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 Section 16-245ff of the general statutes is repealed and  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 effective date of this section and April 1, 2016. The procurement and  
36 cost of [which] such program shall be determined by the bank [and the  
37 cost 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 an  
194 uncontested case, in accordance with the provisions of chapter 54, to  
195 approve, reject or modify an application for approval of the master  
196 purchase 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 through a fully  
211 reconciling, nonbypassable rate component. Electric distribution  
212 companies shall be entitled to recover reasonable costs and fees  
213 prudently incurred while complying with the master purchase  
214 agreement through a reconciling component of electric rates as  
215 determined by the authority. Nothing in this section shall preclude the  
216 resale or other disposition of energy or associated renewable energy  
217 credits purchased by an electric distribution company, provided the  
218 electric distribution company shall net the cost of payments made to  
219 projects under the master purchase agreement against the proceeds of  
220 the sale of energy or renewable energy credits and the difference shall  
221 be credited or charged to electric distribution company customers  
222 through a reconciling component of electric rates as determined by the  
223 authority that is nonbypassable when switching electric suppliers.

224 (h) Each electric distribution company shall annually file with the  
225 authority an accounting of all costs and fees incurred by such electric  
226 distribution company while complying with the master purchase  
227 agreement. Such accounting shall be considered a nonexempt public  
228 record under the Freedom of Information Act.

229 (i) Any certificates issued by the New England Power Pool  
230 Generation Information System for Class I renewable energy credits  
231 produced by a qualifying residential solar photovoltaic system after  
232 the electric distribution company obligation, pursuant to subsections  
233 (a) and (b) of this section, to purchase solar home renewable energy  
234 credits from such system expires shall be transferred from the  
235 Connecticut Green Bank to the electric distribution company that  
236 services the area where such residential solar photovoltaic system is  
237 located. The electric distribution company shall either (1) resell such  
238 credits into the New England Power Pool Generation Information



239 System renewable energy credit market, to be used by any electric  
240 supplier or electric distribution company to meet the requirements of  
241 section 16-245a, so long as the revenues from such sale are credited to  
242 the electric distribution company's customers, or (2) retain such  
243 certificates to meet such company's requirements under section 16-  
244 245a. In considering whether to sell or retain such certificates, the  
245 company shall select the option that is in the best interest of such  
246 company's ratepayers.

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

248 (1) "Residential solar photovoltaic system" means equipment and  
249 devices that have the primary purpose of collecting solar energy and  
250 generating electricity by photovoltaic effect, have a nameplate capacity  
251 rating of twelve kilowatts or less, are installed on the roof of a single-  
252 family or multifamily home, conform to the National Electrical Code  
253 and State Building and Fire Safety Codes and do not exceed the  
254 maximum building height authorized by the municipality where such  
255 home is situated;

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

258 (3) "Permit" means a permit to install and interconnect a residential  
259 solar photovoltaic system to the electric grid;

260 (4) "Permit applicant" means a natural person or household seeking  
261 a permit to install a residential solar photovoltaic system;

262 (5) "Inspection" means a structural, electrical and fire safety  
263 inspection of the permit applicant's residential solar photovoltaic  
264 system; and

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

269 (b) Not later than January 1, 2016, each municipality shall develop a  
270 permitting process for residential solar photovoltaic systems or, if  
271 applicable, amend the municipality's current permitting process in  
272 accordance with subsections (c) and (d) of this section. Each  
273 municipality may (1) develop and post on the municipality's Internet  
274 web site a permit application for the installation of a residential solar  
275 photovoltaic system, (2) allow for electronic submission of such  
276 application, and (3) exempt such system from payment of permit fees  
277 pursuant to subsection (c) of section 29-263 of the general statutes.

278 (c) Not more than thirty days after receipt of a permit application, a  
279 municipality shall inform such permit applicant whether such  
280 application is approved or disapproved. Review of the permit  
281 application shall be limited to whether the residential solar  
282 photovoltaic system meets all municipal, state and federal health and  
283 safety requirements.

284 (d) Not more than thirty days after the installation of a residential  
285 solar photovoltaic system, a municipality shall inspect such system.  
286 Such municipality may contract with a third-party contractor to  
287 perform such inspections. The municipality shall disclose on its permit  
288 application whether it contracts with a third-party contractor to  
289 perform the inspection and the cost of such inspection. Not more than  
290 one inspection shall be required for each residential solar photovoltaic  
291 system, unless a health or safety issue is detected during the inspection  
292 of such system. A municipality may perform a separate fire safety  
293 inspection if deemed necessary by the municipality. If the municipality  
294 or a third-party contractor performing such inspection makes a finding  
295 that a residential solar photovoltaic system does not meet municipal,  
296 state or federal health and safety requirements, such municipality may  
297 require the permit applicant to apply for a special use permit.

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

302 (f) Not later than December 1, 2015, the Connecticut Green Bank  
 303 shall plan, implement and host five residential solar photovoltaic  
 304 system permit training seminars, in different municipalities for the  
 305 purpose of providing guidance and information to municipalities  
 306 seeking to develop a permitting process in accordance with this  
 307 section. The Connecticut Green Bank may consult with and invite the  
 308 Connecticut Conference of Municipalities, the Connecticut Council of  
 309 Small Towns, the Renewable Energy and Efficiency Business  
 310 Association and any other organization or representative of such  
 311 organization to participate in the planning and implementation of the  
 312 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