



## TESTIMONY OF THE NORTHEAST CLEAN ENERGY COUNCIL

Regarding

### **Senate Bill 394 (Raised)**

An Act Concerning Virtual Net Metering and Certain Zero or Low Emission Generation Projects  
Submitted by:

**Dan Bosley, NECEC Government Relations Executive**

March 10, 2016

To the Members of the Energy and Technology Committee:

The Northeast Clean Energy Council (NECEC) appreciates the opportunity to comment on Senate Bill 394 (Raised) concerning virtual net metering and certain zero or low emission generation projects.

NECEC is the lead voice for hundreds of clean energy companies across the Northeast, helping to grow the clean energy economy. NECEC's mission is to create a world-class clean energy hub in the Northeast delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including energy efficiency, demand response, renewable energy, combined heat and power, energy storage, fuel cells and advanced and "smart" technologies. Many of our members are operating and investing in Connecticut, and more are interested in doing so.

NECEC supports this bill, for the reasons below, but recommends two changes.

Connecticut's Virtual Net Metering (VNM) program, coupled with the availability of Zero Renewable Energy Credits (ZRECs), has enabled Connecticut municipalities to take advantage of solar, savings millions of dollars in energy costs over the life of the projects for these participating towns and cities. Fourteen towns have quickly consumed the existing VNM credits available under the program's municipal category. Unfortunately, as many as 14 additional Connecticut towns have "shovel-ready" VNM projects, including several using ZRECs, which are now stranded because the VNM municipal cap has been met. If the projects do not move forward soon, many may lose their ZRECs, threatening them with cancellation. This would result in a loss to towns of the benefits of cost effective solar energy to power town buildings and a waste of taxpayer funds spent to date to develop the projects.

NECEC's two concerns, with proposed changes to address them, are outlined below.

Although NECEC supports this Bill, we are concerned with some of the language in Section B and Section C. Without changes to these sections of the Bill, we are concerned that most, if not all, of the projects in the "stranded" towns would be stopped from moving forward.

Regarding Section (B), we note that the Section needs to be changed to include those towns that have microgrid projects. The Bill should include receiving a microgrid grant from the state as a substitute for entering into a ZREC or LREC grant with an electric distribution company.

Regarding Section (C), we are concerned that the Section requires the towns to have obtained all local, state and federal permits and approvals in order to qualify for the Municipal VNM Program. It is experience of NECEC member companies and their customers that this requirement is not consistent with the normal and prudent course of solar project development under the VNM Program.

We concur also with the testimony of Paul Michaud from the Renewable Energy and Efficiency Business Association (REEBA) who testifies today that "most solar project developers will not invest in the cost obtaining an environmental site permit from the Connecticut Siting Council, or obtaining interconnection approval from the local distribution utility, until after they have received a firm commitment from the local distribution company that they are eligible for the VNM Program queue – it's too risky."

Proposed changes

As a solution to these concerns, NECEC recommends that language be added to Sections (B) allowing microgrid grants as an allowable prerequisite, and deleting Section (C) in its entirety and adding the requirement that there be a letter of intent, power purchase agreement, or other form of off-take agreement executed between the Town and the renewable developer in order to qualify for the Municipal VNM Program.

NECEC's proposed changes are as follows:

#### **AN ACT CONCERNING VIRTUAL NET METERING AND CERTAIN ZERO OR LOW EMISSION GENERATION PROJECTS.**

(2) In addition to the provisions of subdivision (1) of this subsection, the authority shall authorize \_\_\_\_\_ million dollars per year for municipal customer hosts, apportioned to each electric distribution company based on consumer load, for credits provided to beneficial accounts pursuant to subsection (c) if this section and payments made pursuant to subsection (d) of this section where such municipal customer hosts have: (A) Submitted a virtual net metering application to an electric distribution company on or before April 1, 2016; (B) entered into a contract with an electric distribution company pursuant to sections 16-244r and 16-244s or section 16-244t; **or received a microgrid grant pursuant to section 16- 243y(b) and (C) [obtained all required local, state and federal permits and approvals, as applicable] obtained a letter of intent, power purchase agreement, or other form of off-take agreement with the solar developer.**

We call your attention to support for this same language change contained in Mr. Michaud's testimony on behalf of REEBA and its member companies throughout Connecticut.

As always, NECEC and our member companies are available as a resource for the General Assembly as it considers this and other energy related bills. We urge you to continue to take

steps to ensure that the energy, economic and environmental benefits of clean energy are available to all citizens and businesses in Connecticut.

Thank you for your consideration.

Sincerely,



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