



# House of Representatives

General Assembly

**File No. 463**

February Session, 2016

Substitute House Bill No. 5427

*House of Representatives, April 5, 2016*

The Committee on Energy and Technology reported through REP. REED of the 102nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE SHARED CLEAN ENERGY FACILITY PILOT PROGRAM.**

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

1 Section 1. Subsection (a) of section 16-243p of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (a) An electric distribution company may recover its costs and  
5 investments that have been prudently incurred as well as its revenues  
6 lost resulting from the provisions of sections 16-1, 16-19ff, 16-50k, 16-  
7 50x, 16-243h to 16-243q, inclusive, 16-244c, 16-244u, 16-245d, 16-245m,  
8 16-245n, 16-245z, 16-262i, 16a-40l and 16a-40m, public act 15-113, as  
9 amended by this act, and section 21 of public act 05-1 of the June  
10 special session. The Public Utilities Regulatory Authority shall, after a  
11 hearing held pursuant to the provisions of chapter 54, determine the  
12 appropriate mechanism to obtain such recovery in a timely manner  
13 which mechanism may be one or more of the following: (1) Approval  
14 of rates as provided in sections 16-19 and 16-19e; (2) the energy

15 adjustment clause as provided in section 16-19b; or (3) the federally  
16 mandated congestion charges, as defined in section 16-1.

17 Sec. 2. Section 1 of public act 15-113 is repealed and the following is  
18 substituted in lieu thereof (*Effective from passage*):

19 (a) As used in this section:

20 (1) "Shared clean energy facility" means a Class I renewable energy  
21 source, as defined in section 16-1 of the general statutes, that (A) is  
22 served by an electric distribution company, as defined in section 16-1  
23 of the general statutes, (B) is within the same electric distribution  
24 company service territory as the individual billing meters for  
25 subscriptions, (C) has a nameplate capacity rating of four megawatts  
26 or less, and (D) has at least two subscribers;

27 (2) "Individual billing meter" means an individual electric meter or a  
28 set of electric meters, when such meters are combined for billing  
29 purposes, within the service territory of the subscriber's electric  
30 distribution company;

31 (3) "Electric distribution company" has the same meaning as  
32 provided in section 16-1 of the general statutes;

33 (4) "Subscriber" means an in-state retail end user of an electric  
34 distribution company who (A) has contracted for a subscription, and  
35 (B) has identified an individual billing meter to which the subscription  
36 shall be attributed;

37 (5) "Subscriber organization" means any for-profit or not-for-profit  
38 entity permitted by Connecticut law that (A) owns or operates one or  
39 more shared clean energy facilities for the benefit of the subscribers, or  
40 (B) contracts with a third-party entity to build, own or operate one or  
41 more shared clean energy facilities; and

42 (6) "Subscription" means a beneficial use of a shared clean energy  
43 facility, including, but not limited to, a percentage interest in the total  
44 amount of electricity produced by such facility or a set amount of

45 electricity produced by such facility.

46 (b) The Department of Energy and Environmental Protection, in  
47 consultation with the electric distribution companies, shall establish a  
48 two-year pilot program to support the development of shared clean  
49 energy facilities. On or before [January] July 1, 2016, the department  
50 shall develop, seek public comment on and issue a request for  
51 proposals from subscriber organizations seeking to develop a shared  
52 clean energy facility.

53 (c) The department shall select, pursuant to the request for  
54 proposals process, shared clean energy facility projects as follows: (1)  
55 In the service area of an electric distribution company that has a  
56 service area of not more than seventeen cities and towns, a project or  
57 projects that do not exceed a nameplate capacity rating of two  
58 megawatts in the aggregate; and (2) in the service area of an electric  
59 distribution company that has a service area of eighteen or more cities  
60 and towns, a project or projects that do not exceed a nameplate  
61 capacity rating of four megawatts in the aggregate. All projects  
62 selected by the department shall not exceed a total nameplate capacity  
63 rating of six megawatts in the aggregate. The [department shall  
64 establish a] results of such request for proposals process shall  
65 determine the billing credit for any subscriber of a shared clean energy  
66 facility [,] that may be issued through the electric distribution  
67 companies' monthly billing systems, and establish consumer  
68 protections for subscribers and potential subscribers of such a facility,  
69 including, but not limited to, disclosures to be made when selling or  
70 reselling a subscription.

71 (d) The financing of the pilot program, described in subsection (b) of  
72 this section, shall be provided for as follows: (1) Such pilot program  
73 shall utilize one or more tariff mechanisms with the electric  
74 distribution companies for a term not to exceed twenty years, subject  
75 to approval by the Public Utilities Regulatory Authority, to pay for the  
76 purchase of any energy products produced by any shared clean energy  
77 facility identified by the department in the request for proposals, or to

78 deliver any billing credit of any such selected facility, as authorized  
 79 pursuant to subsection (c) of this section. (2) The terms of such tariff  
 80 shall be consistent with the program requirements established by the  
 81 department in the request for proposals. (3) The electric distribution  
 82 companies shall be entitled to recover all reasonable costs and  
 83 expenses prudently incurred for the implementation and operation of  
 84 such pilot program through a reconciling component of electric rates,  
 85 as determined by the authority. (4) The electric distribution companies  
 86 shall be entitled to such recovery for the period that any shared clean  
 87 energy facility is enrolled in the tariff, or the term of the pilot program,  
 88 whichever is longer.

89 [(d)] (e) Not later than one year after being selected for an award  
 90 under the shared clean energy facility pilot program and annually for  
 91 two years thereafter, each recipient shall submit a report, in accordance  
 92 with section 11-4a of the general statutes, to the joint standing  
 93 committee of the General Assembly having cognizance of matters  
 94 relating to energy and to the Department of Energy and  
 95 Environmental Protection. Such report shall include, but not be limited  
 96 to, information concerning the status of the shared clean energy  
 97 facility.

98 [(e)] (f) On or before [January] July 1, 2018, the department shall file  
 99 a report, in accordance with the provisions of section 11-4a of the  
 100 general statutes, with the joint standing committee of the General  
 101 Assembly having cognizance of matters relating to energy, (1)  
 102 analyzing the success of the shared clean energy pilot program, (2)  
 103 identifying and analyzing the success of programs in other states that  
 104 allow facilities similar to a shared clean energy facility, and (3)  
 105 recommending whether a permanent program should be established  
 106 in this state and, if so, any necessary legislation.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	16-243p(a)
Sec. 2	<i>from passage</i>	PA 15-113, Sec. 1

**Statement of Legislative Commissioners:**

In Section 2(c), "system" was changed to "systems" for accuracy and in Section 2(d), "described in subsection (b) of this section," was added for clarity.

**ET**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Various State Agencies	All Funds - Cost	See Below	See Below

Note: All Funds=All Funds

**Municipal Impact:**

Municipalities	Effect	FY 17 \$	FY 18 \$
Various Municipalities	Cost	See Below	See Below

**Explanation**

The bill requires the shared clean energy pilot program to be financed with one or more tariff mechanisms approved by the Public Utilities Regulatory Authority (PURA) for the state's electric distribution companies. The state and municipalities, as ratepayers, would incur increased costs dependent on the tariff mechanisms approved by PURA.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the tariff mechanisms approved by PURA.

**OLR Bill Analysis****sHB 5427*****AN ACT CONCERNING THE SHARED CLEAN ENERGY FACILITY PILOT PROGRAM.*****SUMMARY:**

This bill establishes a financing mechanism for, and makes other changes to, the shared clean energy pilot program. It requires the program to be financed with one or more tariff mechanisms (rate schedules) approved by the Public Utilities Regulatory Authority (PURA) for the state's electric distribution companies (EDCs, i.e., Eversource and United Illuminating). It allows the EDCs to (1) purchase power from facilities in the program, (2) issue billing credits to the facilities' subscribers, and (3) recover their costs for implementing the program. It also changes how the billing credits must be determined and extends certain deadlines for the program.

In general, a "shared clean energy facility" in the program is a clean energy-powered electricity generating facility to which customers subscribe for a (1) percentage interest in the total amount of electricity produced or (2) set amount of electricity produced (e.g., a "community solar" facility). The subscriber's share of the electricity produced is then used to offset the subscriber's electric costs at another billing meter identified by the subscriber.

EFFECTIVE DATE: Upon passage

**SHARED CLEAN ENERGY FACILITY PILOT PROGRAM**

PA 15-113 required the Department of Energy and Environmental Protection (DEEP), to establish a two-year pilot program to support the development of shared clean energy facilities. Among other things, it required DEEP to (1) develop and issue a request for proposals (RFP) to develop shared clean energy facilities and (2) establish a billing

credit and certain consumer protections for the facilities’ subscribers.

The bill extends the deadline for DEEP to issue the RFP from January 1, 2016 to July 1, 2016 and requires the department to seek public comment on the RFP. It requires the subscribers’ billing credit and the program’s consumer protections to be determined by the RFP’s results, rather than by DEEP, and allows the credit to be issued through the EDCs’ monthly billing systems. It also extends the deadline for DEEP to report on the program to the Energy Committee from January 1, 2018 to July 1, 2018.

***Program Financing***

The bill requires the program to be financed using one or more tariff mechanisms with the EDCs, subject to approval by PURA, to (1) pay for EDC purchases of energy products produced by a facility that DEEP identifies in the RFP or (2) deliver a facility’s billing credits to its subscribers. The tariffs’ terms cannot exceed 20 years and must be consistent with the program requirements DEEP establishes in the RFP.

The bill entitles the EDCs to recover the reasonable costs and expenses they prudently incur implementing and operating the program through a reconciling (adjustable) electric rate component, as determined by PURA. The EDCs can recover their costs and expenses for the pilot program’s term or while any facility is enrolled in the tariff, whichever is longer.

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 24 Nay 0 (03/17/2016)