



House of Representatives

File No. 722

General Assembly

February Session, 2016

(Reprint of File No. 463)

Substitute House Bill No. 5427
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 25, 2016

**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2 repealed and the following is substituted in lieu thereof (*Effective from*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 Section 1 of public act 15-113 is repealed and the following is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] consider all proposals received, including cost-effective
65 projects of various nameplate capacities that may allow for the
66 construction of multiple projects in each service area within the
67 requirements of this subsection. After receiving proposals pursuant to
68 such issued request for proposals, the department shall determine the
69 billing credit for any subscriber of a shared clean energy facility [,] that
70 may be issued through the electric distribution companies' monthly
71 billing systems, and establish consumer protections for subscribers and
72 potential subscribers of such a facility, including, but not limited to,
73 disclosures to be made when selling or reselling a subscription.

74 (d) The financing of the pilot program, described in subsection (b) of
75 this section, shall be provided as follows: (1) Such pilot program shall
76 utilize one or more tariff mechanisms with the electric distribution
77 companies for a term not to exceed twenty years, subject to approval

78 by the Public Utilities Regulatory Authority, to pay for the purchase of
79 any energy products produced by any shared clean energy facility
80 identified by the department in the request for proposals, or to deliver
81 any billing credit of any such selected facility, as authorized pursuant
82 to subsection (c) of this section; (2) the terms of such tariff shall be
83 consistent with the program requirements established by the
84 department in the request for proposals; (3) the electric distribution
85 companies shall be entitled to recover all reasonable costs and
86 expenses prudently incurred for the implementation and operation of
87 such pilot program through a reconciling component of electric rates,
88 as determined by the authority; (4) the electric distribution companies
89 shall be entitled to such recovery for the period that any shared clean
90 energy facility is enrolled in the tariff, or the term of the pilot program,
91 whichever is longer; and (5) the electric distribution companies shall
92 submit to the Public Utilities Regulatory Authority for review and
93 approval: (A) Any tariffs proposed pursuant to this subsection with
94 shared clean energy facility projects selected in the department's
95 request for proposal process; (B) any tariffs proposed pursuant to this
96 subsection with shared clean energy facility project subscribers; (C)
97 any other tariffs proposed pursuant to this subsection; and (D) any
98 proposal to recover costs associated with administering the
99 implementation and operation of the shared clean energy facility pilot
100 program.

101 [(d)] (e) Not later than one year after being selected for an award
102 under the shared clean energy facility pilot program and annually for
103 two years thereafter, each recipient shall submit a report, in accordance
104 with section 11-4a of the general statutes, to the joint standing
105 committee of the General Assembly having cognizance of matters
106 relating to energy and to the Department of Energy and
107 Environmental Protection. Such report shall include, but not be limited
108 to, information concerning the status of the shared clean energy
109 facility.

110 [(e)] (f) On or before [January] July 1, 2018, the department shall file
111 a report, in accordance with the provisions of section 11-4a of the

112 general statutes, with the joint standing committee of the General
113 Assembly having cognizance of matters relating to energy, (1)
114 analyzing the success of the shared clean energy pilot program, (2)
115 identifying and analyzing the success of programs in other states that
116 allow facilities similar to a shared clean energy facility, and (3)
117 recommending whether a permanent program should be established
118 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

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.

House “A” specifies how the Department of Energy and Environmental Protection will consider proposals for the program and requires the electric distribution companies to submit their tariff proposals to PURA which does not have a fiscal impact.

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 (as amended by House "A")******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 by 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 extends certain deadlines for the program and specifies that the Department of Energy and Environmental Protection (DEEP) must consider all proposals for the program, including cost-effective projects of various sizes that may allow for multiple projects in each EDC's service area.

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 used to offset the subscriber's electric costs at another billing meter identified by the subscriber.

*House Amendment "A" (1) specifies that DEEP must consider all proposals for the program and determine the program's billing credits and consumer protections and (2) requires the EDCs to submit proposals for their tariffs and cost recovery for PURA's approval.

EFFECTIVE DATE: Upon passage

SHARED CLEAN ENERGY FACILITY PILOT PROGRAM

PA 15-113 required 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 specifies that DEEP must establish the billing credits and consumer protections after it receives the proposals and requires it to consider all proposals it receives, including those for cost-effective projects of various nameplate (i.e., generating) capacities that may allow for the construction of multiple projects in each service area. It also allows the billing credits to be issued through the EDCs' monthly billing systems and 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 EDCs must submit the following to PURA for its review and approval:

1. proposed tariffs with any shared clean energy facility projects selected in DEEP's RFP,
2. proposed tariffs with a shared clean energy facility project's

subscribers,

3. other proposed tariffs under the program, and
4. proposals to recover costs associated with administering the program's implementation and operation.

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)